

VALNEVA
A European company with a Management Board and a Supervisory Board
with a share capital of 8,631,342.14 Euros
Registered office: 70, Rue Saint Jean de Dieu, 69007 Lyon
Identification N° 422 497 560 RCS LYON

**SUPPLEMENTARY REPORT OF THE MANAGEMENT
BOARD TO THE GENERAL ASSEMBLY**
ARTICLE L. 225-129-5 of the French Commercial code

This report is drafted in compliance with the provisions of Articles L. 225-129-5 and R. 225-116 of the French commercial code.

1. LEGAL CONTEXT OF THE CAPITAL INCREASE

We remind you that the Combined Shareholders Meeting of the Company VALNEVA SE above-mentioned (the “**Company**”) in its meeting of June 26, 2014, has, in its thirteen resolution, in compliance with the provisions of Articles L. 225-129-2 and L. 228-92 of the French commercial code, granted authority to the Management Board, with a capacity of sub delegate under the conditions determined by law, until August 26, 2016 (inclusive), the power to decide to carry out increases in capital immediately or by issuing ordinary shares or any securities giving access by any means, immediately and/or over time, to the share capital of the Company, while maintaining the preferential subscription right, in the maximum nominal amount of EUR 3,000,000.00, excluding share premium.

In compliance with this authorization, the Management Board, in its meeting of January 12, 2015, decided to use the grant of authority given by the Combined Shareholders Meeting in view of carrying out a capital increase while maintaining the preferential subscription right, of a nominal amount, excluding share premium, of EUR 2,734,719.90, by issuing 18,231,466 new shares with a nominal value of EUR 0.15 (“**Capital Increase**”), it being specified that the Management Board, in its meeting of January 2, 2015, decided the suspension of the exercise of stock options issued by the Company in application of articles L. 225-149-1 and R. 225-133 of the French commercial code and exercisable in the determined period, as from January 12, 2015, 12:00 am to January 28, 2015 at 11:59 pm, and to give power to the Chairman of the Management Board or to the Managing Director of the Company to carry out this capital increase.

2. MAIN MODALITIES OF THE CAPITAL INCREASE

The main modalities of issuance of new share are the followings:

Period of subscription and exercise of preferential subscription rights

The period of subscription of new shares will be open from January 15 to January 28, 2015 inclusive. The preferential subscription rights derived from the 167,868 treasury shares of the Company, *i.e.* 0.30 percent of the share capital as at January 9, 2015, will be sold on the Euronext market (in Paris) from January 15 to January 28, 2015 included.

The holders of preferential subscription rights may subscribe (i) on the basis of irrevocable entitlement, to 11 new shares with a nominal value of EUR 0.15 for every 34 existing ordinary shares held (34 preferential subscription rights will confer a right to subscribe to 11 new shares at a price of EUR 2.47 per share), with fractional amounts not being taken into account and, (ii) they may acquire, on the basis of revocable entitlement, the number of ordinary shares they want, in addition to the new shares issued from the exercise of their subscription rights on the basis of irrevocable entitlement.

Unit price of the new shares:

EUR 2.47 per ordinary share, including a nominal value of EUR 0.15 and EUR 2.32 of share premium.

Amount of the issuance:

The total amount of the issuance, including share premium, will amount to EUR 45,031,721.02 (including EUR 2,734,719.90 in nominal value and EUR 42,297,001.12 of issue premium) corresponding to the product of the new ordinary shares issued, i.e. 18,231,466 ordinary shares, multiplied by the subscription price of one new share, i.e. EUR 2.47 (including a nominal value of EUR 0.15 and EUR 2.32 of share premium).

Amount of the Capital increase :

The amount of the capital increase will be of EUR 2,734,719.90.

The number of new ordinary shares issued will be of 18,231,466.

Listing of the new shares:

The new shares of the Company shall be admitted for trading on the regulated market of Euronext Paris, as well as on the VSE in Vienna (Austria) as from February 6, 2015. The new shares shall be immediately fungible and rank pari passu with the existing ordinary shares of the Company being traded on Euronext Paris and on the VSE and shall be admitted to trading, from this date, on the same listing line as these shares, under the same ISIN code FR0004056851.

3. IMPACTS ON THE HOLDERS OF SHARE CAPITAL AND OR ANY SECURITIES GIVING ACCESS TO THE CAPITAL

3.1. Impact of the capital increase on the shareholders' equity

For information purpose, the impact of the issuance on the shareholders' equity per share of the group (calculated on the basis of the equity of the Group as indicated in the financial statement of December 31, 2014 and of the number of shares comprising the share capital of the Company on January 12, 2015 after deduction of the treasury shares) would be as follows:

	Shareholders' equity per shares (in EUR)	
	Non-diluted basis	Diluted basis*
Before issuance of new shares resulting from the capital increase	2.16	1.78
After issuance of 18,231,466 new shares resulting from capital increase	1.64	1.41

* In case of exercising the totality of the 930,000 exercisable stock options and 5,625 exercisable equity warrants (BSA), and of the final allocation of 39,000 free shares as well as of the conversion of 17,836,719 preferred shares.

3.2. Impact of the capital increase on the shareholder's situation

For information purpose, the impact of the issuance on the capital interest of a shareholder holding 1% of the share capital of the Company, prior to the issuance, such shareholder not subscribing thereto (calculated on the basis of the number of shares comprising the share capital of the Company on January 12, 2015 after deduction of the treasury shares) would be as follows:

	Capital interest of the shareholder (%)	
	Non-diluted basis	Diluted basis*
Before issuance of new shares resulting from the capital increase	1	0.81
After issuance of 18,231,466 new shares resulting from capital increase	0.76	0.64

* In case of exercising the totality of the 930,000 exercisable stock options and 5,625 exercisable equity warrants (BSA), and of the final allocation of 39,000 free shares as well as of the conversion of 17,836,719 preferred shares.

4. THEORETICAL IMPACT OF THE ISSUANCE OF THE NEW SHARES ON THE CURRENT SHARE MARKET VALUE OF THE COMPANY'S SHARE

The theoretical impact on the current share market value of the Company's share of the issuance of the new shares, as resulting from the average closing price during the twenty trading days preceding January 12, 2015 (calculated on the basis of the number of shares comprising the share capital of the Company on January 12, 2015 after deduction of the treasury shares) would be as follows:

	Impact on the share market value (in euros)	
	Non-diluted basis	Diluted basis*
Before issuance of new shares resulting from the capital increase	4.29	3.49
After issuance of 18,231,466 new shares resulting from capital increase	3.85	3.28

* In case of exercising the totality of the 930,000 exercisable stock options and 5,625 exercisable equity warrants (BSA), and of the final allocation of 39,000 free shares as well as of the conversion of 17,836,719 preferred shares.

In accordance with the law, this supplementary report is available at the registered office, and will be directly bring to your attention at the next shareholders' meeting.

We remain at your disposal should you need further information or explanation.

THE MANAGEMENT BOARD