

A large, stylized 'V' graphic composed of several overlapping triangles in various shades of blue and light blue, creating a geometric pattern.

COMBINED GENERAL MEETING JUNE 17, 2020

**Special Report of the Management Board
Free shares**



VALNEVA

A European Company (*Societas Europaea*) with a Management and a Supervisory Board
Share capital: €13,819,938.99
Registered offices: 6 rue Alain Bombard, 44800 Saint-Herblain (France)
Nantes Companies Register (R.C.S.) No. 422 497 560

SPECIAL REPORT OF THE MANAGEMENT BOARD TO THE ANNUAL ORDINARY GENERAL MEETING TO BE HELD ON JUNE 17, 2020 ON TRANSACTIONS UNDERTAKEN DURING THE FISCAL YEAR ENDED DECEMBER 31, 2019 (ARTICLES L. 225-197-1 TO L. 225-197-3 OF THE FRENCH COMMERCIAL CODE)

To the Shareholders,

In compliance with the provisions of article L. 225-197-4, subsection 1 of the French Commercial Code, we hereby report to you on transactions undertaken by virtue of articles L. 225-197-1 to L. 225-197-3 of said code, relating to the grant of free shares in the fiscal year ended December 31, 2019.

Preliminary remark:

- + Valneva SE is hereafter referred to as "**the Company**".
- + "**Valneva Group**" refers to Valneva SE and its subsidiaries.

1. INFORMATION CONCERNING CORPORATE OFFICERS

1.1 Presentation of the corporate officers

	<p>Mr. Thomas Lingelbach <i>Chair of Valneva SE's Management Board - President & CEO (56 years old)</i></p> <p>***</p> <p>Appointed on May 10, 2013 End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021</p>
	<p>Mr. Franck Grimaud <i>Member of Valneva SE's Management Board - President & CBO (54 years old)</i></p> <p>***</p> <p>Appointed on May 10, 2013 End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021</p>
	<p>Mr. Frédéric Jacotot <i>Member of Valneva SE's Management Board - General Counsel & Corporate Secretary (56 years old)</i></p> <p>***</p> <p>Appointed on March 21, 2017 (with effect as from April 1, 2017) End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021</p>
	<p>Mr. David Lawrence <i>Member of Valneva SE's Management Board - Chief Financial Officer (57 years old)</i></p> <p>***</p> <p>Appointed on August 1, 2017 (with effect as from August 7, 2017) End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021</p>
	<p>Mr. Wolfgang Bender <i>Member of Valneva SE's Management Board - Chief Medical Officer (66 years old)</i></p> <p>***</p> <p>Appointed on August 1, 2017 (with effect as from September 1, 2017) End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021</p>



1.2 Free shares (ordinary shares or convertible preferred shares) granted to/fully vested in and delivered to, the corporate officers

1.2.1 Valneva SE ordinary shares

Free ordinary shares granted to the Management Board members in 2019

FREE SHARE PLAN 2019-2023

Corporate officers beneficiaries	Name	Number of free ordinary shares granted	IFRS 2 valuation of the free ordinary shares granted
	Thomas Lingelbach	331,667	€845,750.85
	Franck Grimaud	262,570	€669,553.50
	Frédéric Jacotot	262,570	€669,553.50
	David Lawrence	262,570	€669,553.50
	Wolfgang Bender	262,570	€669,553.50
Date of full vesting	The tranches will vest in the beneficiaries as follows: First tranche after two (2) years as from December 19, 2019, Second Tranche after three (3) years as from December 19, 2019, Third Tranche after four (4) years as from December 19, 2019. The vesting ("attribution définitive") of each tranche will be subject to performance and employment conditions.		
Date of availability	Upon vesting of the free ordinary shares. No compulsory free share holding period will be applicable to the beneficiaries. However, in accordance with section II (4 th paragraph) of Article L. 225-197-1 of the French Commercial Code, the Supervisory Board decided that the Management Board members should keep not less than 20% of the vested free shares of each tranche until termination of their office as Management Board member or corporate officer.		
Performance conditions	The vesting of each tranche will be contingent upon the level of achievement of the Management Board member's collective and individual goals in the Relevant Year (as defined below), as assessed by the Supervisory Board, starting above 60% (60% = no vesting) and increasing in a linear way, so that 80% goal achievement will result in vesting of 50% of the relevant tranche and 100% goal achievement will result in vesting of 100% of the relevant tranche. Relevant Year means 2021 for the first tranche, 2022 for the second tranche and 2023 for the third tranche. If a vesting period expires before the performance has been assessed for the Relevant Year, the vesting of the relevant tranche will be postponed until all Participants have been assessed.		
Employment conditions	Participants must continuously remain a Management Board member, corporate officer or employee (fulltime or not less than 80%) of the Company or a direct or indirect subsidiary of the Company until vesting, subject to the retirement exception. If a Management Board member's term of office is not renewed upon expiration in June 2022, the shares already vested will be kept, but the unvested shares will be lost.		

Valneva SE free ordinary shares fully vested in and delivered to Management Board members in 2019

No free ordinary shares were transferred to Management Board members in the form of new Valneva SE ordinary shares during the fiscal year 2019.

1.2.2 Valneva SE's convertible preferred shares

Free convertible preferred shares granted to the Management Board members in 2019

None of the Management Board members received free convertible preferred shares ("FCPS") from the Company during the fiscal year 2019.

Free convertible preferred shares fully vested in and delivered to Management Board members in 2019

During the fiscal year 2019, 14,825 free convertible preferred shares were fully vested in and delivered to corporate officers participating in the Free convertible preferred share program 2015-2019. However, they were not converted into Valneva SE ordinary shares, as the conditions for such conversion set forth under the program were not met. Indeed, the Free convertible preferred share program 2015-2019 provided that the payable preferred shares ("SPS") and FCPS be converted into Valneva SE ordinary shares 4 years after their issuance (with respect to the SPS) or their initial granting (with respect to the free convertible preferred shares), subject to the Final Share Price be above €4.05. The Management Board, in its meeting held on July 29, 2019, 2019, noted that on the date the convertible preferred shares were fully vested, the conditions required for their conversion were not met. Therefore, the Management Board declared the absence of conversion of the 789 SPS and 19,725 FCPS registered in the Company's share capital.



2. INFORMATION CONCERNING NON-OFFICER EMPLOYEES OF THE VALNEVA GROUP

2.1 Free shares (ordinary shares or convertible preferred shares) granted to/fully vested in and delivered to, non-officer employees of the Valneva Group

2.1.1 Valneva SE ordinary shares

Free ordinary shares granted to non-officer employees of the Group in 2019

FREE SHARE PLAN 2019-2023

General Meeting date	June 27, 2019
Management Board decision	December 19, 2019
Total number of free ordinary shares granted to the non-officer employees	810,000
Beneficiaries	The non-officer employees participating to the plan are members of the Management Committee.
Main terms & conditions that apply to the non-officer employees	<p>The plan is divided into 3 tranches, each corresponding to 1/3 of the free ordinary shares granted by the Management Board. If one third is not a whole number, the number of free shares will be rounded down for the first two tranches and rounded up for the third tranche.</p> <p>The first tranche will vest and be delivered (<i>seront définitivement acquises</i>) to the participants two (2) years as from December 19, 2019, the second tranche, three (3) years as from December 19, 2019 and the third tranche, four (4) years as from December 19, 2019. The vesting (<i>attribution définitive</i>) of each tranche will therefore occur upon completion of each vesting period mentioned above, subject to employment and performance conditions, as follows:</p> <ul style="list-style-type: none"> - the vesting of each tranche will be contingent upon the beneficiary's performance in the Relevant Year having been rated not lower than "Meets Expectations" (regardless of any qualifying sign), as assessed by his/her supervisor under the Company's employee performance appraisal rules. Relevant Year means 2021 for the first tranche, 2022 for the second tranche and 2023 for the third tranche. If a vesting period expires before the performance has been assessed for the Relevant Year, the vesting of the relevant tranche will be postponed until all beneficiaries have been assessed. - the beneficiaries must continuously remain a MB member, corporate officer or employee (full time or not less than 80%) of the Company or a direct or indirect subsidiary of the Company until vesting. <p>Following the vesting of the free shares, no compulsory holding period will apply to the shares so vested.</p> <p>If (a) a Change of Control (as defined below) occurs not earlier than December 19, 2023, and (b) the performance condition stated above was met for the calendar year immediately preceding the year of Change of Control (or for the year of Change of Control if already assessed), all tranches will vest immediately. Change of Control means that a person or entity other than the Company's current shareholders has taken control of the Company, "control" having the meaning set forth in Article L. 233-3 of the French Commercial Code.</p> <p>If a Change of Control takes place before December 19, 2021, and Article L. 225-197-1, III of the French Commercial Code does not apply, the plan will be canceled and the Company will indemnify the beneficiaries for the loss of unvested free ordinary shares granted under the canceled plan, subject however to the above-mentioned performance conditions. The gross amount of this indemnity will be calculated as though such free ordinary shares had been vested upon the Change of Control. The conditions and limitations set forth in the applicable plan rules will apply to this calculation, <i>mutatis mutandis</i>.</p>

Valneva SE free ordinary shares transferred to non-officer employees of the Group in 2019

No free ordinary shares were transferred to non-officer employees of the Group in the form of new Valneva SE ordinary shares during the fiscal year 2019.

Information relating to the 10 non-officer employees of the Group

Free ordinary shares granted in 2019 by the Company to the 10 non-officer employees of the Group having then being granted the highest number of free ordinary shares	Total number of free ordinary shares granted	Weighted average price (in euros) Basis: opening share price of Valneva SE ordinary shares on the initial grant date
	810,000 ⁽¹⁾	2.60
Free ordinary shares vested in and delivered in 2019 to the 10 non-officer employees of the Group having then been transferred of the highest number of free ordinary shares	Total number of free ordinary shares vested in and delivered	Weighted average price (in euros)
	0	n.a.

(1) The plan concerns only nine non-officer employees, each having being granted of 90,000 free ordinary shares.



2.1.2 Valneva SE convertible preferred shares

Free convertible preferred shares granted to non-officer employees of the Group in 2019

There was no Valneva SE free convertible preferred shares granted to non-officer employees of the Group during the fiscal year 2019.

Free convertible preferred shares transferred to non-officer employees of the Group in 2019

During the fiscal year 2019, 4,900 free convertible preferred shares were transferred to non-officer employees of the Group. However, they were not converted into Valneva SE ordinary shares, as the conditions for such conversion set forth under the Free convertible preferred share program 2015-2019 were not met¹.

Information relating to the 10 non-officer employees of the Group

FCPS granted in 2019 by the Company to the 10 non-officer employees of the Group having then being granted the highest number of FCPS	Total number of FCPS granted	Weighted average price (in euros)
	0	n.a
FCPS vested in and delivered in 2019 to the 10 non-officer employees of the Group having then been transferred of the highest number of FCPS	Total number of FCPS vested in and delivered	Weighted average price (in euros) Basis: opening share price of Valneva SE ordinary shares on the vesting date
	4,900 ⁽³⁾	3.11

(3) FCPS were vested in and delivered to three non-officers employees. The minimum number of FCPS so vested to be taken into account for each employee for calculating this value is 1,550.

We remain at your disposal to provide you with any further explanations and additional information.

March 30, 2020,

THE MANAGEMENT BOARD

¹ See Section 1.2.2 above.