Valneva presents its Q1 2020 financial results

Analyst Presentation
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Agenda

- Introduction
- Lyme Partnering Deal
- R&D Updates
- Financial Report Q1 2020
- Update on Product Sales
- Financial Outlook
- Newsflow
- Q&A

Q1 2020 Highlights: Lyme Collaboration with Pfizer, Solid Financial Results, Further R&D Milestones

Solid Q1 2020 results, limited COVID-19 impact

- Product sales revenue of €32.7 million
- EBITDA of €2.4 million
- Strong cash position of €80.8 million at the end of March 2020

Significant R&D milestones

- Unprecedented partnering deal with Pfizer signed for Phase 2 Lyme vaccine candidate VLA15
- Positive End of Phase 2 meeting granted by the FDA for chikungunya vaccine candidate VLA1553
- SARS-CoV 2 vaccine development initiated

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Valneva and Pfizer Collaboration to Co-Develop and Commercialize Lyme Disease Vaccine, VLA15

This partnership provides the opportunity for the rapid development and launch of a vaccine that has the potential to address a major unmet medical need.

The collaboration with Pfizer validates Valneva's strong vaccine R&D capabilities.

As an established global leader in the pharmaceutical industry with a strong commitment to vaccines and infectious diseases, Pfizer is the best partner for VLA15.

Collaboration to Co-Develop and Commercialize Lyme Disease Vaccine, VLA15

Valneva and Pfizer will work closely together throughout the development of VLA15.

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- 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.
- Pfizer will pay Valneva tiered royalties starting at 19%.

Pfizer

- Pfizer will fund 70% of all development costs through completion of the development program.
- Pfizer will lead late-stage development and have sole control over commercialization.

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Lyme Disease is a Massively Important Health Issue

Media attention spiked again in January 2020

No available treatment to protect against Lyme disease

Major unmet medical need in North America and Europe

Lyme disease cases may rise 92 per cent in US due to climate change (New Scientist)[2]

1 Lyme Disease. L.E.K. interviews, research and analysis, 2 https://www.newscientist.com/article/2232705-lyme-disease-cases-may-rise-92-per-cent-in-us-due-to-climate-change/

VLA15 – Key Value Driver in 2020 and Beyond

The only Lyme disease vaccine candidate in clinical development today

1. Multivalent vaccine (six serotypes) to protect against Lyme disease in N. America and Europe
2. Phase 2 interim data (primary endpoint) expected mid-2020
3. FDA Fast Track Designation granted
4. Established and proven Mode of Action for a Lyme disease vaccine
5. Favorable safety profile and no associated safety concerns in Phase 1 studies[1]
   Phase 2 run-in (higher dosages than Phase 1) confirmed favorable safety profile of VLA15

1 Valneva PR: Valneva Reports Positive Initial Booster Data and Final Phase 1 Data for its Lyme Disease Vaccine Candidate

Chikungunya is a Growing and Enduring Problem

Representing a major public health threat

Currently there is no vaccine or any treatment options for chikungunya

Global market including endemic regions (see below)
Traveler vaccine market at up to €250m[1]

2019 - 2020: outbreaks[2] in Africa (Ethiopia, Kenya, Djibouti, Sudan), Asia (Thailand, Philippines); and South America (Brazil, Colombia)

1 Chikungunya. L.E.K. interviews, research and analysis for traveler vaccine market., 2 *Ethiopia, Kenya, Djibouti, Sudan; Thailand, Philippines; Brazil, Colombia*

VLA1553 – Key Growth Driver for Future Valneva Sales

The only single-shot vaccine candidate against chikungunya today

1. VLA1553 is a monovalent live attenuated[1] prophylactic vaccine targeting chikungunya virus neutralization
2. Currently no preventive vaccines or effective antiviral treatments exist for chikungunya
3. FDA Fast Track Designation granted. Priority Review Voucher eligible
4. Phase 1 complete. Potential Phase 3 start as soon as the COVID-19 situation permits (currently planned for Q4 2020)
5. Seamless fit with existing commercial and manufacturing capabilities as a plug-and-play asset
6. Up to $23.4 million (€20.3 million) awarded to Valneva for R&D by CEPI

1 CHIKV LR2006-OPY1 infectious clone was attenuated by deleting large part of gene coding nsP3 (alphavirus-replicase; Photo credit: James Gathany (source)

VLA1553 – Excellent Data and Progressing Rapidly

Status and clinical development overview

End of Phase 2 FDA meeting (EoP2) held

- Detailed Phase 3 design confirmation expected delayed due to COVID-19 situation
- Accelerated Approval Pathway already confirmed
- Excellent Phase 1 previously reported

Additional non-clinical studies requested by FDA fully completed

- Mosquito transmission studies
- NHP study addressing biodistribution
- Passive transfer study in NHPs to develop surrogate of protection using human sera from VLA1553-101

Phase 3 initiation preparation proceeding

*Subject to FDA approval

VLA2001 – SARS-CoV-2 Vaccine Development Program for COVID-19
Collaboration with Dynavax

Leveraging Valneva's technical and platform capabilities to develop an inactivated, adjuvanted whole virus vaccine candidate.

- Existing BSL3 labs recommissioned to undertake pre-clinical activities
- Resources from other early stage programs reallocated to support the project; grant funding also sought for clinical development and manufacturing
- Valneva and Dynavax to align with regulatory authorities on the optimal strategy for an expedited clinical development program
- Goal to initiate clinical trials before the end of 2020 (subject to successful preclinical work and receipt of appropriate funding)
- Production of clinical trial material expected in Valneva's FDA approved plant in Livingston, Scotland

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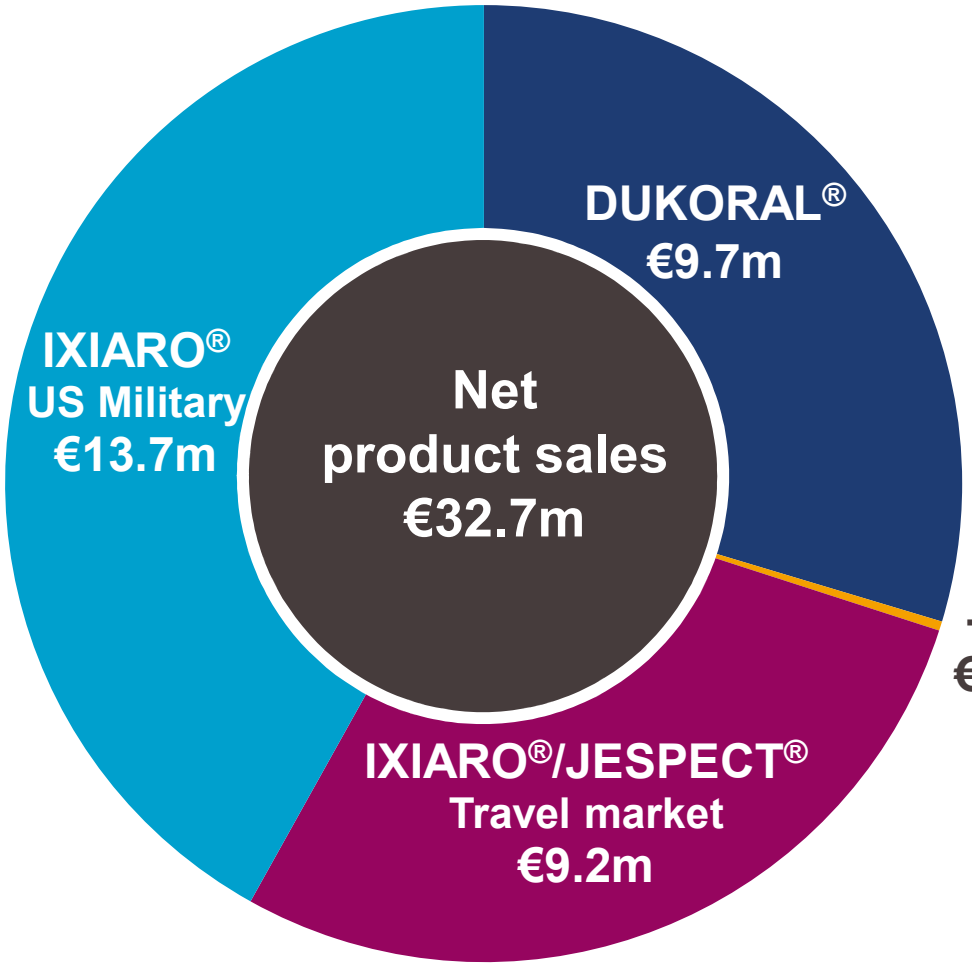
Top Line Performance Consistent With Q1 2019

Q1 2020 Product sales, Unaudited (at AER)



Product sales growth[2]
0% AER / -2% CER

Direct sales
87%

Gross margin[3]
69.4%

CER: at constant exchange rates; **1** Third party products sold by Valneva's commercial organization, **2** YoY comparison for same period **3** Gross margin on product sales

Limited COVID-19 Impact on Q1 Product Sales

€m	Q1 2020 (unaudited) Actual (AER)	Q1 2019 (AER)	Q1 2019 (CER)	CER %
IXIARO®/JESPECT®	22.9	22.4	22.8	**0%**
DUKORAL®	9.7	9.6	9.7	**0%**
Third party products	0.1	0.8	0.8	**-89%**
Total	**32.7**	**32.8**	**33.3**	**-2%**

1 CER at constant exchange rates as 3M average Act 2020

Positive EBITDA Including Increase in R&D Investments

Q1 2020 Profit & Loss Report (at AER)

€m	Q1 2020 unaudited	Q1 2019
Product sales	32.7	32.8
Revenues from collaboration, licensing and services	2.5	2.1
Revenues	**35.2**	**34.9**
Cost of goods and services	(12.1)	(12.2)
Research and development expenses	(13.3)	(6.3)
Marketing and distribution expenses	(6.0)	(5.6)
General and administrative expenses	(5.2)	(4.5)
Other income / (expense), net	2.2	0.8
Amortization and impairment	(0.7)	(0.7)
Operating profit	**0.1**	**6.2**
Finance, investment in associates & income taxes	(1.3)	(1.4)
Profit/loss for the period	**(1.2)**	**4.9**
EBITDA[1]	**2.4**	**8.2**

1 Q1 2020 EBITDA was calculated by excluding €2.3 million of depreciation and amortization from the €0.1 million operating profit as recorded in the consolidated income statement under IFRS.

Healthy Gross Margin and Net Operating Margin

Gross Margin Calculated on Product Sales Revenues (at AER)

Gross Margin	Q1 2020 unaudited	Q1 2019 unaudited
Total product sales revenues *(€m)*	32.7	32.8
Total Product Sales **Gross Margin** *(IXIARO®, DUKORAL® and Third Party Products)*	69.4%	66.2%

Net Operating Margin	Q1 2020 unaudited	Q1 2019 unaudited
Total product sales revenues	32.7	32.8
Cost of goods and services	(10.0)	(11.1)
Commercial costs[1]	(10.7)	(10.0)
Net operating margin	**12.0**	**11.7**
as % Revenues	36.7%	35.7%

1 S&M, G&A, R&D, Other income/costs and amortization of intangibles

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Commercial Environment and Sales Outlook Evolving

Key assumptions (company estimates)

Macro-environment

- Easing of social-distancing measures starting in Q2 (country-by-country)
- Slow recovery of international air travel due to border closures and recession (Q4 -50% vs PY) – higher impact in Europe vs North America[1]
- Approximately 60% of travelers would be ready to fly - either domestic or international – within two months of the end of the COVID-19 pandemic[2]
- Economic recovery supported through Government stimulus packages

Product Sales

Travel segment

- Significant reduction in Q2 travel vaccines demand linked to global shutdown
- Re-opening of travel clinics/ travel services in phase with re-established demand
- Phased restart of traveler segments assumed (e.g. business vs leisure)
- Increased awareness of Travel Health / likelihood to consult before traveling[3]

USM

- Deployment of USM troops and dependents may resume over summer[4]
- Awarding of JE supply contract expected in Q2/Q3[5]

1 IATA COVID-19 Updated Impact Assessment (Apr 14, 2020) **2** IATA Economics' Chart of the Week – Passenger Confidence (April 24, 2020) **3** Valneva commissioned survey of Canadian consumers (March 2020) **4** https://www.militarytimes.com/news/your-military/2020/04/18/dod-travel-ban-extended-to-june-30/ **5** VLA Management estimate

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Updated Financial Outlook 2020

Including Pfizer collaboration impact[3]

	Pre-COVID-19	COVID-19 Guidance[2]	Pfizer Deal Impact[3]	Q1 Guidance Update
Product sales revenues	~€40m ***US Military***	€85m - €115m		€75m - €95m
	€85m - €95m ***Travel***			
Other revenues	€10m	€10m	+€10m - +€30m	€20m - €40m
Total revenues	€135m - €145m	€95m - €125m		€95 - €135m
R&D investments	Up to €85m	Up to €80m		Up to €80m
Gross margin (on product sales revenue)	~65%	~65%		60% - 65%
Net operating margin[1]	30% - 35%	30% - 35%		15% - 20%
EBITDA	Up to (€35m)	Up to (€50m)	+€10m - +€30m	(€10m) - (€30m)

1 Net operating margin is based on the P&L for the Commercial Products segment including an allocation (56%) of G&A costs from Corporate Overheads and Amortisation of Intangibles related to IXIARO® **2** 2020 Guidance from Press Release: Valneva Provides Business Update on COVID-19 Situation; **3** subject to agreement on revenue recognition

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Key Upcoming Newsflow

Lyme disease vaccine candidate VLA15
- **First Phase 2 data expected July 2020**

Chikungunya vaccine candidate VLA1553
- **Phase 3 initiation (pending COVID-19 & FDA confirmation)**

New IXIARO® contract with the U.S. Department of Defense expected H1 2020

COVID-19 vaccine candidate expected to enter clinical trials before the end of 2020

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Thank you
Merci
Danke
Tack

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