



COMBINED GENERAL MEETING – JUNE 23, 2021

QUESTION #1

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« In reading your documents, I saw that the loan rate from Orbimed and Deerfield Management Company is a 9.95% fixed rate. I can't figure out why this fixed rate is so high unless there are tax interests that elude me at the moment. A rate level like that takes us back to 2008 (for the best borrowers, which is not Valneva's current profile). »

**Answer by the Company's Management Board :**

Published in the « Investors » / « General Meetings » / « 2021 Combined General Meeting » section of the Company's website [www.valneva.com](http://www.valneva.com), on June 22, 2021

*“We negotiated the Deerfield & Orbimed loan agreement at the end of 2019 and in January of 2020, in order to provide necessary financing for the Company's operations, particularly R&D activities relating to the Company's Lyme and chikungunya programs. The Company's situation at that time was significantly different from what it is today, including:*

- lower share price making it difficult to raise money from the capital markets;
- no partner (yet) to develop the Lyme vaccine;
- no Covid-19 pandemic and no Covid-19 vaccine candidate.

*The amount of the financing required was high as compared to the Company's product sales and profitability. Traditional commercial banks usually lend money with low interest rates, but with a risk-adverse approach. This situation and the need to ensure financing at the beginning of 2020 to timely fund R&D activities, resulted in the Company having to contact US funds which accept a higher level of risk in exchange for a higher interest rate.*

*In the meantime, the situation of the Company has changed and Valneva has been able to not draw down the last tranches of the USD 85 million loan, thus limiting the borrowed amount to USD 60 million.”*