COMBINED GENERAL MEETING
JUNE 23, 2021

Summary on the Group situation during the past fiscal year

Including excerpts of the 2020 Universal Registration Document

The section references herein refer to the Sections of the Company's 2020 Universal Registration Document, available at the following address: https://valneva.com/investors/financial-reports/

VALNEVA

A European company (*Societas Europaea* or SE) with a Management and a Supervisory Board
Share capital: €14,986,340.70
Registered office: 6 rue Alain Bombard, 44800 Saint-Herblain (France)
Nantes Companies Register (RCS) No. 422 497 560

SUMMARY ON THE GROUP SITUATION DURING THE PAST FISCAL YEAR

1. SITUATION OF THE COMPANY AND THE GROUP AND ITS ACTIVITY DURING THE PAST FISCAL YEAR

1.1 Presentation of the Valneva Group

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 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.

1.2 2020 Annual operating highlights

See Excerpt of the Company's 2020 Universal Registration Document, on next pages.

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.

1.3 Recent events

Information on the Company's affairs since the beginning of the current fiscal year is presented in Section 1.1.3 of the Company's 2020 Universal Registration Document *(see next pages)*.

Since the filing of the Company's 2020 Universal Registration Document, the following major events have occurred:

- Completion of recruitment for pivotal phase 3 trial of chikungunya vaccine candidate and initiation of an antibody persistence trial;
- Entering into bilateral discussions on a country by country basis to supply the inactivated adjuvanted COVID-19 vaccine candidate, VLA2001;
- Initiation of phase 3 clinical trial for the inactivated, adjuvanted COVID-19 vaccine candidate, VLA 2001;
- Public offering in the U.S. and private placement in Europe (together referred to as the "**Global Offering**"); Nasdaq listing; Gross proceeds of Global Offering brought to $107.6 Million after full exercise of Underwriters' option to purchase additional ADSs;
- Participation in the World's First COVID-19 Vaccine Booster Trial in the UK.

Please refer to the Company's website www.valneva.com ("Media" / "Press Releases" section) for a detailed description of these latest events.

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.

2. BUSINESS DEVELOPMENT, RESULTS AND FINANCIAL POSITION

See Excerpt of the Company's 2020 Universal Registration Document, on next pages.

We also refer you to the Q1 2021 financial results, published on the Company's website www.valneva.com ("Investors" / "Financial & Filings" / "Financial Reports" section), as well as to the press release relating thereto dated May 20, 2021 ("Media" / "Press Releases" section of the Company's website www.valneva.com).

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).