VALNEVA

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

PricewaterhouseCoopers Audit **Deloitte & Associés**

63 rue de Villiers
92 200 Neuilly-sur-Seine
S.A.S. au capital de € 2.510.460
672 006 483 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

6, place de la Pyramide
92908 Paris-La Défense cedex
S.A.S. au capital de 2 188 160 €
572 028 041 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

To the general assembly
VALNEVA
Société Européenne
6 rue Alain Bombard
44800 Saint Herblain

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of VALNEVA ("the Group") for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Governance Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code ("*Code de commerce*") and the French Code of Ethics ("*code de déontologie*") for statutory auditors, for the period from 1 January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code ("*Code de commerce*") relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Risk description	Risk response
Consequences of the termination of the SARS-CoV-2 Vaccine Supply Agreement with the UK Secretary of State for Business, Energy and Industrial Strategy (the UK Authority) – Revenue recognition, provision for onerous purchase contracts and valuation of inventories built up for the commercialization of this vaccine *(Paragraph "Significant agreements signed in the periods presented" included in the Note 5.1 « General information and significant events of the period », Note 5.3.1« Critical judgements in applying the Group's accounting policies », Note 5.3.2 « Key sources of estimation uncertainty », paragraph « Vaccine Supply Agreement with the UK Authority » included in the Note 5.5.2 « Other revenues, Note 5.18 « Inventories», Note 5.29 « Refund liabilities » and Note 5.30.2 « Other Provisions » to the consolidated financial statements)*	
In September 2020, Valneva entered into a supply agreement (the UK Supply Agreement) with the UK Secretary of State for Business, Energy, and Industrial Strategy (the UK Authority), under which Valneva was to manufacture and supply the UK Authority with its SARS-CoV-2 vaccine, after increasing its manufacturing capacity in Scotland. This contract falls under the scope of IFRS 15 "Revenue from Contracts with Customers". This Agreement required the UK Authority to make non-refundable pre-payments and as of December 31, 2021, Valneva thus received a total of 408.3 million euros. Valneva was notified in September 2021 of the UK Authority's decision to terminate this Vaccine Supply Agreement. In the notice of termination, the UK Authority wished to terminate the UK Supply Agreement on two different bases. The first being that Valneva will fail to meet its obligations regarding the delivery schedule provided for in the UK Supply Agreement (termination for anticipated violation of the delivery schedule provided for in the Supply Agreement) and the second being that the UK Authority wished to terminate the UK Supply Agreement with a thirty days' notice in using its discretionary right to terminate for convenience. The Company, after consultation with its external advisors, considers that the first basis for termination is unfounded and has thus taken note of the termination, by the UK Authority, of the Supply Agreement on the basis only of the exercise of this discretionary right. The Company's management has thus assessed the impacts of the termination of the UK Supply Agreement on the financial statements as of December 31, 2021: - Payments received from the UK Authority	We have read the Supply Agreement entered into between Valneva and the UK Authority and the termination letter, in order to assess in particular the compliance of the accounting treatment adopted by management for this contract We have examined the procedures implemented by Management to identify and list all the risks associated with the termination of the SARS-CoV-2 vaccine supply contract with the UK Authority. We have assessed the reasonableness of Management's estimate of the legal basis for terminating this Agreement: - by reviewing the risk analysis carried out by the General and Legal Department of Valneva; - by obtaining and analyzing written correspondence between Valneva and the UK Authority; - by obtaining and analyzing lawyers' notes. We also reviewed the process implemented by management, and assessed the design of the controls related to the recognition of revenue related to this contract to supply vaccines to the UK Authority.. We have assessed the reasonableness of the main assumptions made by management concerning the probabilities of future reimbursements, forecasts of sales of the SARS-CoV-2 vaccine to customers other than the UK Authority, the probabilities of success in obtaining the marketing authorization, in coherence with external data and evidences obtained, moreover, during the audit, such as internal Company communications and presentations. We also reviewed the process implemented by management and assessed the design of controls

for which the likelihood of reimbursement was considered remote amount to 253.3 million euros as of December 31, 2021 and were recognized in other revenues (“COVID -19” segment). For amounts considered carrying uncertainties and a reimbursement likelihood which could not be assessed as highly unlikely, a refund liability of 166.9 million euros was recorded as of December 31, 2021. - Onerous purchase contracts related to the supply of this vaccine have been identified and a provision of 13.5 million euros has been recorded as of December 31, 2021. - The Group's management also carried out a review of the valuation of inventories linked to this vaccine and thus recorded an inventory depreciation. As of December 31, 2021, the remaining write-down provisions concerning raw materials amounting to €29.8 million and work in progress amounting to €11.8 million mainly related to the COVID-19 vaccine. The revenue recognition for this contract requires judgment to define the contractual framework in which the termination of this contract takes place and its impact on the risk of reimbursement of non-refundable pre-payments already received. Adding to this, is the estimation of the part of pre-payments carrying uncertainties regarding their probability of reimbursement and recorded as refund liabilities at the closing date. The valuation of onerous purchase contracts and the assessment of the net realizable value of inventories related to this vaccine also require multiple assumptions and judgments. We therefore considered the accounting treatment of the consequences of the termination of this UK Supply Agreement as a key audit matter.	related to the recognition of provisions for onerous contracts. We reviewed the analysis of the contracts related to this vaccine by obtaining and analyzing in particular the agreements signed with the suppliers. We have assessed the reasonableness of forecasts for production plans, sales and the ability to sell products based in particular on their residual shelf life. Our assessment was based in particular on our understanding of the expected commercial opportunities for the vaccine, our inquiries with Management and on consistency with the forecasts resulting from the strategic plans presented to the Supervisory Board. We have also assessed that note disclosures to the consolidated financial statements provided appropriate information.
Contingencies and other provisions *(Notes 5.30.2 « Other provisions » and 5.33.2 « Contingencies and litigations » to the consolidated financial statements)*	
Valneva is involved in two litigations. a) In July 2016, the Company received an additional request for payment, accompanied by a threat of legal action, related to the acquisition of Humalys in 2009, through which Vivalis (today Valneva) had acquired the technology that was subsequently combined with another antibody discovery technology	We gained an understanding of processes implemented by Management identify risks linked to a legal proceeding or a commercial /regulatory litigation. We assessed the reasonableness of the estimate of the costs related to these risks by :

and contributed to BliNK Biomedical in early 2015. Humalys' former shareholders claim for an additional payment pursuant to this disposal. The Company's management, after consultation with its external advisors, believes that this claim has no substance and the filed litigation is very unlikely to succeed in court. The Company's management considered this litigation as a contingent liability considering the probability of an outflow of resources is low. b) Former shareholders of Intercell, an entity that merged with Valneva, have initiated legal proceedings before the Commercial Court of Vienna to request a revision of the exchange ratio between Intercell and Valneva shares used in the merger in 2013. A provision was recorded in the amount of 2.1 million euros as at December 31, 2021. Given the uncertainties surrounding the outcomes of these litigations, we have considered the accounting treatment in the financial statements to be a key audit matter.	- reviewing the risk assessments performed by the Company's Management and in-house legal counsel ; - obtaining and analyzing the memorandums and responses from the Company's external legal advisors to our legal letters. Finally, we have assessed that note disclosures to the consolidated financial statements provided appropriate information.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Management Board.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's information given in the management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Management Board, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Valneva by the annual general meeting held on 29 June 2012 for PricewaterhouseCoopers Audit and on 22 February 2007 for Deloitte & Associés

As at 31 December 2021, PricewaterhouseCoopers Audit was in the 10th year of total uninterrupted engagement and Deloitte & Associés was in the 15th year, in the which are the 9th year for both firms since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Governance Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Cde de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Governance Committee

We submit a report to the Audit and Governance Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Governance Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit & Governance Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with Audit and Governance Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Bordeaux, 23 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
French original signed by Cédric Mazille	French original signed by Stéphane Lemanissier