



**COMBINED GENERAL MEETING
JUNE 23, 2022**

**Parent-entity financial statements
Fiscal year ended December 31, 2021
(including the related Statutory Auditors' report)**

Excerpt of the 2021 Universal Registration Document

4.2. Parent entity financial statements at December 31, 2021

4.2.1. Balance sheet

(a) Assets

<i>In € thousand</i>	Note No.	Gross Value	Amortization, depreciation and provisions	December 31, 2021	December 31, 2020
INTANGIBLE FIXED ASSETS	3.1				
Research and development expenditures		7,540	7,475	66	107
Concessions, patents and similar rights		763	550	213	401
Goodwill		0	0	0	0
Other intangible assets in process		0	0	0	0
PROPERTY, PLANT AND EQUIPMENT	3.2				
Land		679	277	401	402
Constructions		5,833	3,820	2,013	2,245
Plant, machinery and equipment		4,681	3,566	1,115	958
Other PPE		628	489	139	98
Tangible fixed assets under construction		0	0	0	0
Prepayments		0	0	0	0
LONG-TERM INVESTMENTS	3.3				
Non-consolidated investments		166,690	6,874	159,816	159,821
Receivables on non-consolidated investments		0	0	0	0
Loans		187	0	187	187
Other financial assets		645	0	645	1,168
TOTAL NON-CURRENT ASSETS		187,647	23,052	164,595	165,386
INVENTORIES AND WORK IN PROGRESS	3.4				
Raw materials and supplies		423	0	423	137
Work-in-progress		0	0	0	0
RECEIVABLES					
Trade receivables and related accounts	3.5	205	0	205	178
Other receivables	3.6	47,633	14	47,619	21,313
Called up capital		0	0	0	0
OTHER CURRENT ASSETS					
Marketable securities		0	0	0	0
Cash at bank and in hand	3.7	140,564	0	140,564	15,836
ACCRUAL ACCOUNTS					
Prepaid expenses	3.8	2,862	0	2,862	294
TOTAL CURRENT ASSETS		191,686	14	191,672	37,758
Unrealized losses on foreign exchange		390	0	390	353
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		379,723	23,067	356,657	203,498

(b) Liabilities and equity

<i>In € thousand</i>	<i>Note No.</i>	December 31, 2021	December 31, 2020
Share capital or individual share		15,786	13,646
Additional paid-in capital		430,438	266,163
Regulated reserves		52,832	52,832
Retained earnings/(accumulated deficit)		(163,603)	(149,039)
Other reserves		(43)	0
Net income/(loss) for the year profit or loss		(28,222)	(14,564)
Investment grants	3.11	47	50
Tax-driven provisions		0	0
SHAREHOLDERS' EQUITY	3.10	307,234	169,089
Subordinated grants	3.12	971	1,551
OTHER EQUITY		971	1,551
Provisions for contingencies		2,490	2,206
Provisions for losses		3,448	2,157
PROVISIONS FOR CONTINGENCIES AND LOSSES	3.13	5,937	4,363
BORROWINGS			
Bank borrowings	3.14	3,740	4,308
OPERATING PAYABLES			
Trade payables and related accounts	3.15	4,275	2,589
Tax and employee-related liabilities	3.16	3,626	1,494
OTHER PAYABLES			
Payables on fixed assets and equivalent	3.17	41	7
Other financial liabilities	3.17	30,579	20,025
ACCRUAL ACCOUNTS			
Deferred income	3.18	0	0
TOTAL LIABILITIES		42,261	28,423
Unrealized losses on foreign exchange		253	72
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		356,657	203,498

4.2.2. Income statement

<i>In € thousand</i>	France	Export	Note No.	As at December 31,	
				2021	2020
Sales of services	328	3,271		3,598	3,378
NET SALES			4.1	3,598	3,378
Change in inventory of own production of goods and services					
Own production of goods and services capitalized			4.2	0	0
Grants			4.3	0	3
Reversals of depreciation, amortization and provisions, expense reclassifications			4.5	148	188
Other income			4.4	2,416	3,750
OPERATING INCOME				6,163	7,319
Purchase of trade goods				0	0
Purchases of raw materials & other supplies (including customs duties)				999	619
Change in inventory (raw materials and supplies)				(286)	(3)
Other purchases and external expenses			4.6	25,686	14,023
Taxes other than on income and related payments			4.7	131	206
Wages and salaries			4.8	3,716	3,396
Employee benefit expense			4.8	3,639	1,416
Allowances for depreciation and amortisation, provisions					
For fixed assets			4.9	828	705
For current assets			4.9	14	0
For contingencies and losses			4.9	1,414	1,757
Other expenses				776	288
OPERATING EXPENSES				36,918	22,407
INCOME (LOSS) FROM ORDINARY ACTIVITIES				(30,755)	(15,089)
Joint venture operations					
Financial income					
Financial income from non-consolidated investments					
Income from other marketable securities and receivables capitalized				279	77
Other interests and similar income				234	87
Reversals of provisions and expense reclassifications			4.9	447	533
Foreign exchange gains				1,557	0
Net proceeds from the disposal of marketable securities				0	0
FINANCIAL INCOME				2,518	698
Amortization and charges to provisions for financial items			4.9	395	355
Interest and similar expenses				291	1,127
Foreign exchange losses				821	12
Net charges on disposals of marketable securities				0	0
FINANCIAL EXPENSES				1,506	1,494
NET FINANCIAL INCOME (EXPENSE)			4.10	1,012	(797)
INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX AND EXCEPTIONAL ITEMS				(29,743)	(15,885)

<i>In € thousand</i>	France	Export	Note No.	As at December 31,	
				2021	2020
Exceptional income from non-capital transactions				1	0
Exceptional income from capital transactions				3	8
Reversals of provisions and expense reclassifications				0	247
EXCEPTIONAL INCOME				5	255
Exceptional expenses on non-capital transactions				0	0
Exceptional expenses on capital transactions				10	7
Exceptional depreciation, amortization and provisions				247	0
EXCEPTIONAL EXPENSES				257	7
NET EXCEPTIONAL ITEMS			4.11	(253)	248
Corporate income tax			4.12	(1,774)	(1,073)
TOTAL INCOME				8,685	8,271
TOTAL EXPENSES				36,907	22,835
PROFIT OR LOSS				(28,222)	(14,564)
Basic net earnings per share <i>(in euros)</i>			4.13	(0.29)	(0.16)
Diluted net earnings per share <i>(in euros)</i>				(0.29)	(0.16)

4.2.3. Cash flow statement

<i>In € thousand</i>	<i>Note No.</i>	2021	2020
Cash flow from operating activities			
Net profit/(loss)	Section 4.2.2	(28,222)	(14,564)
Income and expenses with no impact on cash or unrelated to operating activities			
Operating depreciation and amortization expenses	4.9	2,256	2,461
Reversals of operating depreciation and amortization expenses	4.9	(123)	(164)
Financial depreciation and amortization expenses	4.9	(52)	(178)
Exceptional depreciation and amortization	4.9	247	0
Reversals of exceptional provisions	4.9	0	(247)
Expense reclassifications on capitalized assets	4.2	0	0
Amount of grants recognized under income	4.11	(3)	(4)
(Gains)/losses on disposal of assets	4.11	0	6
Cancellation of operating/exceptional receivables		0	0
OPERATING CASH FLOWS		(25,898)	(12,690)
Change in other current assets and liabilities			
Inventories	3.4	(286)	(3)
Trade receivables and related accounts	3.5	(27)	(128)
Trade payables and related accounts	3.15	1,687	967
Other receivables	3.6	(26,320)	9,853
Prepayments and accrued income		(2,604)	(190)
Tax and employee-related liabilities	3.16	2,131	101
Other accruals and deferred income	3.17	10,554	1,307
Accruals and deferred income		180	22
NET CASH FROM (USED IN) OPERATING ACTIVITIES		(40,582)	(760)
Cash flow from investing activities			
Purchase of intangible fixed assets:	3.1	(11)	(400)
Purchase of property, plant and equipment	3.2	(553)	(417)
Purchase of long-term investments	3.3	0	0
Net capital expenditure		616	34
Change in working capital requirements with regard to assets	3.17	33	(3)
NET CASH USED IN INVESTING ACTIVITIES		86	(786)
Net cash generated from financing activities			
Proceeds from borrowings	3.14	859	1,493
Repayment of borrowings	3.14	(1,426)	(21,520)
Subordinated grants received/repaid	3.12	(580)	(281)
Investment grants received	3.11	0	0
Capital increase	3.10	179,785	(103)
Transaction costs charged to merger premium	3.10	(13,414)	0
NET CASH FROM FINANCING ACTIVITIES		165,224	(20,411)
NET CHANGE IN CASH AND CASH EQUIVALENTS		124,728	(21,957)
Opening cash, cash equivalents and marketable securities	3.7	15,836	37,793
Closing cash, cash equivalents and marketable securities	3.7	140,564	15,836
NET CHANGE IN CASH AND CASH EQUIVALENTS		124,728	(21,957)

4.2.4. Notes to the financial statements

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Note 1 Events of the year

- On May 10, 2021, Valneva has completed the global offering consisting of a public offering of 2,850,088 “American Depositary Shares” or “ADS”, each representing two ordinary shares (or 5,700,176 ordinary shares), and a concurrent private placement of 2,445,000 ordinary shares in Europe. This issue generated an increase in the share capital of €1,2 million and share premium of €88,4 million.
- On November 2, 2021, Valneva has completed the global offering consisting of the public offering of 354,060 “American Depositary Shares” or “ADS”, each representing two ordinary shares (or 708,120 ordinary shares), and a concurrent private placement of 4,466,880 ordinary shares in Europe. This issue generated an increase in the share capital of €0,8 million and share premium of €87,2 million.

Note 2 Accounting policies and methods

2.1. General background

The financial statements have been drawn up in accordance with French generally accepted accounting principles in line with the requirements of Regulation 99-03 of the French Accounting Regulation Committee relating to Regulation 2016-07 of the French accounting standard setter (*Autorité des Normes Comptables* or ANC), and applied in accordance with the fundamental accounting principles of prudence, going concern, consistency and accruals, the time period concept and general financial statements preparation and presentation rules.

Items are recorded in the financial statements in accordance with the historical cost method.

The financial information is expressed in thousands of euros and was approved by the Management Board on March 23, 2022 (full statements including notes to the financial statements).

2.2. Use of and changes in estimates

To produce this financial information, the Company's management has to make estimates and assumptions that affect the carrying amount of the assets and liabilities, income and expenses, and the information disclosed in the Notes.

Management makes these estimates and assessments continuously based on its past experience and various other factors considered reasonable that form the basis of these assessments.

The figures that appear in its future financial statements are likely to differ from these estimates should the assumptions change or the conditions differ.

The main significant estimates made by the Company's management relate notably to the valuation of intangible fixed assets, financial assets and provisions for contingencies and losses.

2.3. Unrealized foreign exchange gains and losses

Foreign currency income and expense items are translated in the accounts at the exchange rate prevailing on the transaction date.

In accordance with Regulation 2015-05 of July 2, 2015 on forward financial instruments and hedging transactions applicable as from January 1, 2017, foreign exchange gains and losses on trade receivables and payables are now recognized under “other income and expenses” in the operating income statement. Foreign exchange gains and losses on financial transactions remain recognized in the financial income statement.

Foreign-currency denominated receivables, payables and cash balances are recorded in the balance sheet at the closing exchange rate. Translation differences resulting from the retranslation of foreign-currency denominated receivables and payables at the closing exchange rate are recorded in “Unrealized foreign exchange gains/losses” in the balance sheet. A contingency provision is recorded to cover all unrealized foreign exchange losses. The portion of the unrealized loss corresponding to trade receivables and payables is recognized in operating income to ensure a symmetry between the recognition of the unrealized loss and the permanent loss.

2.4. Intangible fixed assets

With the exception of the specific cases mentioned below, intangible fixed assets are recognized at cost.

Intangible fixed assets with finite useful lives are amortized over their expected period of use. This amortization period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

When the useful life of intangible assets is indefinite, they are not amortized but instead subject to systematic impairment tests.

2.5. Research and development expenditures

Research expenditure is expensed as and when incurred.

According to the option offered under the French Official Chart of Accounts, development expenditures are capitalized and recognized as intangible assets only if the Company considers all of the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably expenditures attributable to the intangible asset during its development.

When these conditions are not fulfilled, development expenditures are treated as expenses. When a project for which development expenditures have been capitalized no longer meets one of the criteria defined above, the asset is canceled.

Development expenditures recorded as intangible assets include staff costs (wages and social charges) allocated to the development projects, the cost of raw materials and services, external services and the depreciation and amortization of fixed assets.

When development expenditures are capitalized, economic amortization begins at the start of the commercial use of products resulting from this development work. Economic amortization is calculated on a straight-line basis over an estimated useful life for projects.

2.6. Concessions, patents and similar rights

Computer software is recognized at cost and amortized over two or six years according to the straight-line method.

2.7. Property, plant and equipment

Tangible fixed assets are recognized at purchase cost or, where necessary, production cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. No residual value is included in the depreciable amount of the tangible fixed assets on their date of acquisition as the Company expects to use them over their useful life. However, the residual value and useful life of tangible fixed assets are reviewed annually by the Company and any changes are included in the calculation of the assets' depreciable amount.

The estimated useful lives are as follows:

- Constructions:
 - buildings:
 - i) structure: 25 years,
 - ii) roofing: 25 years,
 - iii) weatherboarding: 25 years,
 - iv) exterior woodwork: 20 years,
 - v) interior partitions: 20 years;
 - general installations:
 - i) fluid and energy systems: 10 to 15 years,
 - ii) air treatment: 10 years,
 - iii) ventilation and air conditioning: 10 years;
 - buildings on land owned by third parties: 8 to 10 years;
- Land:
 - land improvements: 10 years,
 - plantations: 10 years;
- Plant, machinery and equipment: 4 to 10 years;
- Vehicles: 4 years;
- Office and computer equipment: 3 to 10 years;
- Furniture: 4 to 10 years.

2.8. Impairment of assets

Intangible and tangible fixed assets are subject to impairment tests once there is an indication of loss in value. To assess whether there is an indication that an asset may be impaired, the Company considers the following external and internal indications:

External indications:

- an asset's market value has declined significantly (more than it would be expected as a result of the passage of time or normal use);
- significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to decrease the asset's recoverable amount and/or value in use materially.

Internal indicators:

- evidence is available of obsolescence or physical damage of an asset not provided by the depreciation or amortization schedule;
- significant changes in the extent to which, or manner in which, an asset is used or is expected to be used;
- the economic performance of an asset is, or will be, worse than expected;
- a significant decline in the future cash flows generated by the Company.

Where there is an indication of loss in value, an impairment test is carried out: the net carrying amount of the capitalized asset is compared with its present value.

The net carrying amount of an asset is its gross value less accumulated depreciation (or amortization) and impairment.

Present value is an estimate determined, according to the market and the asset's utility for the Company, by comparing fair value and value in use. Fair value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal.

The value in use is the value of the future cash flows expected to arise from the continuing use of an asset and from its disposal. The Company considers value in use to be non-discounted expected net cash flows that are determined using budgetary data approved by the Management Board.

2.9. Borrowing costs

Any borrowing costs incurred by the Company to finance tangible and intangible fixed assets are expensed as and when incurred.

2.10. Financial assets

Equity investments include costs for the acquisition of different subsidiaries of the Company.

The value of each equity investment is determined in reference to the share in the net equity and future prospects of the subsidiaries. When this value is lower than their carrying amount, an impairment expense is recorded for the difference.

Other long-term investments consist of 124,322 ordinary treasury shares amounting to €645,107, corresponding to financial compensation paid by the Company to former Intercell shareholders who exercised their exit right following the merger with Intercell AG in May 2013.

An impairment is recognized for financial assets where their carrying amount exceeds their recoverable amount at the balance sheet date, or in respect to the liquidity agreement, for the difference between the carrying value and the estimated recoverable value calculated on the basis of the average share price for the month preceding the end of the reporting period.

2.11. Inventories

Inventories are stated at cost using the basis of the actual price. Amounts for impairment may be recognized on the basis of the net realizable value.

2.12. Receivables and related accounts

Receivables are stated at par value. An impairment expense is recognized where the carrying amount exceeds the recoverable amount.

2.13. Cash at bank and in hand

Cash at bank and in hand includes cash in bank current accounts.

2.14. Employee commitments

The Company's employees are entitled to retirement severance benefits. Since December 31, 2005, the corresponding commitments are paid according to the rights vested by the recipients in the form of provisions.

For defined benefit plans, retirement costs are determined once a year :

- Up to December 31, 2020, using the projected unit credit method where each period of service gave rise to an additional unit of benefit entitlement and where each unit was measured separately to determine the final obligation.

- As of December 31, 2021, under the new calculation method proposed by the IFRIC IC and according to the updated recommendation of the ANC n° 2013-02 as at December 31, 2021 : under this method, when the plan provides for the payment of an indemnity to the employee, if he or she is present at the date of retirement, the amount of which depends on seniority and is capped at a certain years of service, the commitment must be calculated solely on the basis of the years of service prior to the retirement date.

The final obligation is then discounted. These calculations mainly use the following assumptions:

- a discount rate;
- a salary escalation rate; and
- and an employee turnover rate.

The gains and losses arising from changes in the actuarial assumptions are recognized in the income statement.

The gain resulting from the change in calculation method in 2021 is considered to be not material.

For basic schemes and defined contribution plans, the Company recognizes the contributions as expenses when payable, as it has no obligations over and above the amount of contributions paid.

A provision for social security charges due on share-based payments has been recognized since December 31, 2020, using Valneva's closing share price (€24.5 as at December 31, 2021).

2.15. Grant income

Operating grants are recognized upon the signature of the contracts.

Investment grants are recognized in liabilities under "Investment grants" within shareholders' equity. These grants are transferred to income (under "Other exceptional income") as and when economic amortization and accelerated amortization charges are recognized for the assets financed by these grants.

Operating grants are recognized in "Other operating income" at the same rate as the expenses financed by the grants.

2.16. Subordinated grants

Subordinated grants are recognized in liabilities under "Subordinated grants". Should failure to complete work be reported, the debt waiver is recognized in "Other exceptional income". Grants used to finance research and development projects that are capitalized are recognized under "Development expenditure", whereas those used for projects not capitalized are recognized under "Operating Grants".

2.17. Provisions for contingencies and losses

Provisions for contingencies and losses are recognized where the Company has an obligation towards a third party and it is probable or certain that it will recognize an outflow of resources for the benefit of this third party without consideration. These provisions are estimated using the most likely assumptions at the balance sheet date.

2.18. Payables

Payables are stated at nominal amount.

2.19. Revenues

Valneva SE's know-how and intellectual property are focused on the manufacture of vaccines: Valneva SE offers research and commercial licenses for its EB66[®] cell lines to biotechnology companies and the pharmaceutical industry for the production of viral vaccines;

Sales generated by Valneva SE originate from:

- research services performed on behalf of customers under the commercial agreements mentioned above;
- the sale of rights to use biological "material", particularly for testing by customers before commercial license agreements are signed;
- when services are re-invoiced to the subsidiary Valneva Austria GmbH and other companies.

For research services, sales are recognized according to the completion of the services provided by the agreements. Sales with respect to the rights to use biological "material" are recognized upon delivery to the customers.

Any reductions, discounts or rebates granted to customers are recognized as a deduction of sales as and when revenue is recognized.

2.20. Operating grants

Operating grants are recognized in "Other operating income" at the same rate as the expenses financed by the grants.

2.21. Other income

Other income includes mainly:

- lump-sum payments for license concessions;
- royalties.

The lump-sum payments for license concessions are due by the partners upon the achievement of various milestones. Usually, an upfront payment is due at the beginning of the contract and additional payments are due upon the achievement of "milestones". The income is recognized according to the invoicing performed under contractual terms.

Royalties are recognized in income according to the sales generated over the period by the partners.

2.22. Staff costs

CICE wage tax credit

The CICE (*crédit d'impôt pour la compétitivité et l'emploi*) was a tax credit granted to companies with salaried employees. This tax credit was eliminated on January 1, 2019.

Unused tax credits continue to be carried forward over the three years following the year in which they were recognized. The fraction not applied at the end of this period is repaid to the Company.

The receivable related to the CICE wage tax credit receivable for 2018 will be paid back in 2022 and for that reason has not yet been allocated to expenses.

The 2017 CICE wage tax credit receivable was allocated to training expenses, R&D equipment and other investments.

2.23. Net exceptional items

Exceptional income and expenses are items which, due to their unusual nature and the fact that they are not recurrent, cannot be considered as inherent to the Company's normal operations, such as disposals or scrapping of assets, accelerated tax depreciation or amortization charges or reversals, shares of investment grants recognized in income, debt waivers with regard to subordinated grants, etc.

2.24. Corporate income tax

The incomes tax expense line item includes the current taxes for the period less any tax credits, particularly research tax credits.

(a) Current tax

Current tax is determined using the taxable income for the period which may differ from accounting income following add-backs and deductions of certain items of income and expense, depending on the prevailing tax positions, and using the tax rate enacted at the balance sheet date.

(b) Research tax credit

Manufacturing and trading companies taxed according to the actual regime that incur research expenditure may benefit from a tax credit.

The tax credit is calculated for each calendar year and utilized against the tax payable by the Company for the year in which the research expenditure was incurred. Unused tax credits may be carried forward over the three years following the year in which they were recognized. The fraction not applied at the end of this period is repaid to the Company.

In accordance with Article 41 of the Finance Act 2010-1657 of December 29, 2010, the Company no longer benefits from the provision providing for an early refund of its surplus research tax credit. In effect, because it is now part of a group, it no longer meets the EU definition of an SME and in consequence the Company is no longer eligible for the early refund provision.

Receivables relating to research tax credits (RTC) are henceforth collateralized with BPI (*Banque Publique d'Investissement*).

2.25. Earnings per share/Diluted earnings per share

Basic net earnings per share are calculated using the weighted average number of issued shares during the period.

The average number of issued shares is calculated according to the various changes in the Company's share capital, and adjusted, where appropriate, by the number of treasury shares held by the Company.

Diluted net earnings per share are calculated by dividing net income by the number of issued ordinary shares plus all potentially dilutive ordinary shares. If a net loss is recognized for the period, diluted net earnings per share are the same as basic net earnings per share.

Note 3 Notes to the balance sheet

3.1. Net intangible fixed assets

(a) Change from January 1, 2020 to December 31, 2021

In € thousand	January 1, 2021	Changes in the period			At December 31, 2021
		Increase	Decrease	Other changes	
Preliminary expenses	0	0	0	0	0
Development expenditure	7,540	0	0	0	7,540
Goodwill	0	0	0	0	0
Concessions, patents and rights	400	0	0	0	400
Software	352	11	0	0	363
Intangible assets under development	0	0	0	0	0
Other	0	0	0	0	0
GROSS INTANGIBLE FIXED ASSETS	8,293	11	0	0	8,303
Preliminary expenses	0	0	0	0	0
Development expenditure ⁽¹⁾	7,434	41	0	0	7,475
Goodwill ⁽²⁾	0	0	0	0	0
Concessions, patents and rights ⁽³⁾	44	178	0	0	222
Software	307	21	0	0	328
TOTAL AMORTIZATION	7,785	240	0	0	8,025
NET INTANGIBLE FIXED ASSETS	508	(229)	0	0	278
Development expenditure	0	0	0	0	0
Concessions, patents and rights	0	0	0	0	0
Software	0	0	0	0	0
TOTAL ACCELERATED TAX DEPRECIATION OR AMORTIZATION	0	0	0	0	0
NET TAX VALUE OF INTANGIBLE FIXED ASSETS	508	(229)	0	0	278
(1) Of which exceptional depreciation	1,668	0	0	0	1,668
(2) Of which exceptional depreciation	0	0	0	0	0
(3) Of which exceptional depreciation	0	0	0	0	0

(b) Change from January 1, 2020 to December 31, 2020

<i>In € thousand</i>	January 1, 2020	Changes in the period			At December 31, 2020
		Increase	Decrease	Other changes	
Preliminary expenses	0	0	0	0	0
Development expenditure	7,547	0	6		7,540
Goodwill	0	0	0	0	0
Concessions, patents and rights	0	400	0	0	400
Software	352	0	0	0	352
Intangible assets under development	0	0	0	0	0
Other	0	0	0	0	0
GROSS INTANGIBLE FIXED ASSETS	7,899	400	(6)	0	8,293
Preliminary expenses	0	0	0	0	0
Development expenditure ⁽¹⁾	7,380	56	(2)	0	7,434
Goodwill ⁽²⁾	0	0	0	0	0
Concessions, patents and rights ⁽³⁾	0	44	0	0	44
Software	283	24	0	0	307
TOTAL AMORTIZATION	7,662	125	(2)	0	7,785
NET INTANGIBLE FIXED ASSETS	237	275	(5)	0	508
Development expenditure	0	0	0	0	0
Concessions, patents and rights	0	0	0	0	0
Software	0	0	0	0	0
TOTAL ACCELERATED TAX DEPRECIATION OR AMORTIZATION	0	0	0	0	0
NET TAX VALUE OF INTANGIBLE FIXED ASSETS	237	275	(5)	0	508
<i>(1) Of which exceptional depreciation</i>	<i>1,668</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,668</i>
<i>(2) Of which exceptional depreciation</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>(3) Of which exceptional depreciation</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

Development expenditure: New development expenditures of €400 thousand were capitalized in 2020 in accordance with the accounting policy described in Note 2.5.

3.2. Net intangible fixed assets

(a) Change from January 1, 2021 to December 31, 2021

<i>In € thousand</i>	January 1, 2021	Changes in the period			December 31, 2021
		Increase	Decrease	Other changes	
Land	679	0	0	0	679
Buildings on own land	3,026	0	0	0	3,026
Buildings on land of third parties	0	0	0	0	0
Building installations and improvements	2,779	29	0	0	2,808
Plant, machinery and equipment	4,235	445	0	0	4,681
General installations, miscellaneous improvements	9	0	0	0	9
Vehicles	0	0	0	0	0
Office, IT equipment, furniture	539	78	0	0	617
Recoverable packaging	2	0	0	0	2
Tangible fixed assets under construction	0	0	0	0	0
Prepayments	0	0	0	0	0
GROSS INTANGIBLE FIXED ASSETS	11,268	553	0	0	11,821
Land	277	1	0	0	277
Buildings on own land	1,404	133	0	0	1,537
Buildings on land of third parties	0	0	0	0	0
Building installations and improvements	2,155	128	0	0	2,283
Plant, machinery and equipment	3,278	288	0	0	3,566
General installations, miscellaneous improvements	6	0	0	0	6
Vehicles	0	0	0	0	0
Office, IT equipment, furniture	444	37	0	0	481
Recoverable packaging	2	0	0	0	2
TOTAL DEPRECIATION	7,566	588	0	0	8,153
Impairment	0	0	0	0	0
Plant, machinery and equipment	0	0	0	0	0
NET INTANGIBLE FIXED ASSETS	3,703	(35)	0	0	3,668

€553 thousand in capital expenditures were incurred for fixtures, laboratory and IT equipment for the Saint-Herblain site.

(b) Change from January 1, 2020 to December 31, 2020

<i>In € thousand</i>	January 1, 2020	Changes in the period			December 31, 2020
		Increase	Decrease	Other changes	
Land	679	0	0	0	679
Buildings on own land	3,026	0	0	0	3,026
Buildings on land of third parties	0	0	0	0	0
Building installations and improvements	2,745	34	0	0	2,779
Plant, machinery and equipment	4,192	364	(321)	0	4,235
General installations, miscellaneous improvements	9	0	0	0	9
Vehicles	5	0	(5)	0	0
Office, IT equipment, furniture	550	19	(30)	0	539
Recoverable packaging	2	0	0	0	2
Tangible fixed assets under construction	0	0	0	0	0
Prepayments	0		0	0	0
GROSS INTANGIBLE FIXED ASSETS	11,208	417	(356)	0	11,268
Land	261	16	0	0	277
Buildings on own land	1,271	133	0	0	1,404
Buildings on land of third parties	0	0	0	0	0
Building installations and improvements	2,000	155	0	0	2,155
Plant, machinery and equipment	3,354	244	(321)	0	3,278
General installations, miscellaneous improvements	5	1	0	0	6
Vehicles	5	0	(5)	0	0
Office, IT equipment, furniture	442	31	(29)	0	444
Recoverable packaging	2	0	0	0	2
TOTAL DEPRECIATION	7,341	580	(355)	0	7,566
Impairment	0	0	0	0	0
Plant, machinery and equipment	0	0	0	0	0
NET INTANGIBLE FIXED ASSETS	3,867	(163)	(1)	0	3,703

€417 thousand in capital expenditures were incurred for fixtures, laboratory and IT equipment for the Saint-Herblain site, while equipment scrapping was carried out for €356 thousand.

3.3. Financial assets

(a) Change from January 1, 2021 to December 31, 2021

<i>In € thousand</i>	January 1, 2020	Acquisitions/ Contributions/ Transformations/ Mergers	Disposals	December 31, 2020
Non-consolidated investments	166,690	0	0	166,690
Receivables on non-consolidated investments	0	0	0	0
Loans ⁽¹⁾	187	0	0	187
Deposits and bonds	17	0	(16)	0
Treasury shares	645	0	0	645
Liquidity agreement	600	0	(600)	0
GROSS VALUE	168,139	0	(616)	167,522
Impairment of equity investments	6,869	5	0	6,874
Depreciation of deposits and bonds	0	0	0	0
Treasury shares impairment	0	0	0	0
Liquidity agreement impairment	94	(94)	0	0
TOTAL DEPRECIATION	6,963	(89)	0	6,874
TOTAL NET LONG-TERM INVESTMENTS	161,176	89	(616)	160,648

(1) Long-term loans in connection with social housing levies €187 thousand.

Non-consolidated investments

Treasury shares

124,322 ordinary shares held in treasury representing €645,107 and corresponding to financial consideration the Company paid to former Intercell shareholders having exercised their exit right. There was no impairment at December 31, 2021 for these securities.

The liquidity agreement entered into in July 2007 with Natixis, and transferred on June 25, 2018 to Oddo BHF, was terminated on June 11, 2021.

Assets held under this liquidity agreement included, at the date of termination, €556 thousand in cash and 4,025 ordinary shares. These treasury shares were canceled on October 4, 2021. A €94 thousand reversal of the provision for impairment recorded at December 31, 2020 was recorded on the same date.

Impairment of equity investments

An additional provision for impairment of BliNK Biomedical SAS securities was recorded in the amount of €5 thousand based on the net equity of this company and the earnings prospects announced on December 31, 2021.

Portfolio of shares held in treasury

<i>In € thousand</i>	Number of shares at December 31, 2021	Gross	Provision	Net
Liquidity agreement	0	0	0	0
Financial compensation:	124,322	645	0	645
▪ ordinary shares with a value of €0.15				

(b) Change from January 1, 2020 to December 31, 2020

<i>In € thousand</i>	January 1, 2020	Acquisitions/ Contributions/ Transformations/ Mergers	Disposals	December 31, 2020
Non-consolidated investments	166,690	0	0	166,690
Receivables on non-consolidated investments	0	0	0	0
Loans ⁽¹⁾	204	(16)	0	187
Deposits and bonds	33	(16)	0	17
Treasury shares	646	(1)	0	645
Liquidity agreement	600	0	0	600
GROSS VALUE	168,173	(34)	0	168,139
Impairment of equity investments	6,736	133	0	6,869
Depreciation of deposits and bonds	0	0	0	0
Treasury shares impairment	331	(331)	0	0
Liquidity agreement impairment	296	(202)	0	94
TOTAL DEPRECIATION	7,363	(400)	0	6,963
TOTAL NET LONG-TERM INVESTMENTS	160,810	366	0	161,176

(1) Long-term loans in connection with social housing levies €187 thousand.

Non-consolidated investments**Treasury shares**

124,322 ordinary shares held in treasury representing €645,107 and corresponding to financial consideration the Company paid to former Intercell shareholders having exercised their exit right. 124,322 preferred shares held in treasury, amounting to 1,243 euros, were repurchased and immediately cancelled by the company in 2020.

The liquidity agreement entered into in July 2007 with Natixis was transferred on June 25, 2018 to Oddo BHF. This liquidity agreement covering ordinary shares of Valneva SE is compliant in particular with the AMF Decision 2018-01 establishing liquidity contracts on equity securities as an accepted market. It is effective as a July 2, 2018 for a one-year period subject to tacit renewal in the amount of €600 thousand at December 31, 2020.

Assets held under this liquidity agreement included both cash and shares (22,000 shares at December 31, 2020). The portion in shares has been valued on the basis of the average trading price for December 2020, resulting in a reversal of the impairment charge of €202 thousand. At December 31, 2020, the remaining amount of this provision amounted to €94 thousand.

A reversal of the provision for impairment of €331 thousand for treasury shares was recorded according to this same principle of measurement at December 31, 2020. At December 31, 2020, the remaining amount of this provision amounted to €0.

Impairment of equity investments

An additional provision for impairment of BliNK Biomedical SAS securities was recorded in the amount of €133 thousand based on the net equity of this company and the earnings prospects announced on December 31, 2020.

Portfolio of shares held in treasury

<i>In € thousand</i>	Number of shares at December 31, 2020	Gross	Provision	Net
Liquidity agreement	22,000	253	94	159
Financial compensation:		645	0	645
▪ ordinary shares with a value of €0.15	124,322			

3.4. Inventories and work-in-progress

(a) Change from January 1, 2021 to December 31, 2021

<i>In € thousand</i>	January 1, 2021	Increase	Decrease	At December 31, 2021
Raw materials and supplies	137	286		423
Impairment	0	0	0	0
TOTAL	137	286	0	423

(b) Change from January 1, 2020 to December 31, 2020

<i>In € thousand</i>	January 1, 2020	Increase	Decrease	At December 31, 2020
Raw materials and supplies	134	3	0	137
Impairment	0	0	0	0
TOTAL	134	3	0	137

3.5. Trade receivables and related accounts

<i>In € thousand</i>	At December 31, 2021	At December 31, 2020
Trade receivables	205	178
Doubtful trade receivables	0	0
GROSS VALUE	205	178
Impairment of trade receivables	0	0
TOTAL TRADE RECEIVABLES (NET VALUE)	205	178

(a) Trade receivables by maturity at December 31, 2021

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year
Trade receivables	205	205	0
Doubtful trade receivables	0	0	0
Trade receivables – Sales invoice accruals	0	0	0
TOTAL	205	205	0

(b) Trade receivables by maturity at December 31, 2020

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year
Trade receivables	178	178	0
Doubtful trade receivables	0	0	0
Trade receivables – Sales invoice accruals	0	0	0
TOTAL	178	178	0

3.6. Other receivables

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Corporate income tax	6,485	6,544
VAT	384	427
Current account advances/subsidiaries	40,712	13,985
Other operating receivables	52	357
Provision for doubtful operating receivables	(14)	357
TOTAL OTHER RECEIVABLES (NET VALUE)	47,619	21,313

Corporate income tax receivables represent the research tax credit (RTC) and the CICE (*crédit d'impôt compétitivité emploi*) wage tax credit.

(a) Trade receivables by maturity at December 31, 2021

<i>In € thousand</i>	December 31, 2021	December 31, 2020
2021 RTC	1,774	0
2020 RTC	1,073	1,073
2019 RTC	1,866	1,866
2018 RTC	1,728	1,728
2017 RTC	0	1,782
2018 CICE wage tax credit	44	44
2017 CICE wage tax credit	0	51
TOTAL CORPORATE INCOME TAX RECEIVABLES (NET VALUE)	6,485	6,544

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year
Corporate income tax	6,485	1,772	4,713
VAT	384	384	0
Current account advances/subsidiaries	40,712	40,712	0
Other operating receivables	52	52	0
Provision for doubtful operating receivables	(14)	(14)	0
TOTAL	47,619	42,906	4,713

(b) Trade receivables by maturity at December 31, 2020

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year
Corporate income tax	6,544	1,833	4,712
VAT	427	427	0
Current account advances/subsidiaries	13,985	13,985	0
Other operating receivables	357	357	0
TOTAL	21,313	16,601	4,712

3.7. Net cash

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Cash at bank and in hand ⁽¹⁾	140,564	10,836
Fixed term deposits	0	5,000
Cash assets	140,564	15,836
Bank facilities	0	0
Cash liabilities	0	0
Net cash flow	140,564	15,836

(1) Of which notes sent for collection or discounting.

0

3.8. Prepaid expenses

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Office supplies	4	1
Work by various third parties	4	6
Maintenance and repairs	22	20
Insurance premiums	2,659	181
Documentation	5	5
Conventions	6	1
Travel expenses	0	0
Fees	60	40
Advertising, contributions	0	0
Bank services	3	11
Employee benefit expense	0	0
Site security services	3	2
Royalties, concessions, patents	95	27
TOTAL	2,862	294

3.9. Accrued income

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Trade receivables and related account	0	0
Bank - Accrued interest on time deposits	0	0
TOTAL ACCRUED INCOME	0	0

3.10. Shareholders' equity

(a) Change from January 1, 2021 to December 31, 2021

In € thousand	January 1, 2021	Changes in the period			December 31, 2021
		Increase	Decrease	Other changes	
Share capital or individual share	13,646	2,140	0	0	15,786
Additional paid-in capital	266,163	164,274	0	0	430,438
Regulated reserves	52,832	0	0	0	52,832
Other reserves	0	(43)	0	0	(43)
Retained earnings/(accumulated deficit)	(149,039)	0	0	(14,564)	(163,603)
Net income/(loss) for the year	(14,564)	0	(28,222)	14,564	(28,222)
Net investment grants	50	0	(3)	0	47
Tax-driven provisions	0	0	0	0	0
TOTAL SHAREHOLDERS' EQUITY	169,089	166,371	(28,226)	0	307,234

Share capital

At December 31, 2021, the share capital in the amount of €15,786 thousand was comprised of 105,239,085 shares, of which 105,190,223 ordinary shares with a par value of €0.15 and 48,862 convertible preferred shares with a par value of €0.15.

Corporate actions in 2021:

In 2021, the Management Board, or the Managing Director by delegation, noted:

- The exercise of 21,875 equity warrants (BSA 27). The final gross proceeds of the transactions amounted to €56,306.25 corresponding to the issuance of 21,875 new ordinary shares, issued at a subscription price of €2.574 per share. This issue generated an increase in the share capital of €3,281.25 and share premium of €53,025.00.
- The exercise of 790,075 stock options granted to employees and non-executive managers (including 363,050 granted under "Stock Option Plans" ("POSA") in 2016 and 427,025 as of "POSA" 2017) in January 2021. This issue generated an increase in the share capital of €118,511.25 and share premium of €2,082,375.50.
- On May 10, 2021, the global offering consisting of a public offering of 2,850,088 "American Depositary Shares" or "ADS", each representing two ordinary shares (or 5,700,176 ordinary shares), and a concurrent private

placement of 2,445,000 ordinary shares in Europe. This issue generated an increase in the share capital of €1,221,776.40 and share premium of €88,375,159.60. The equity transaction cost, amounting to €6,760,816.45 and directly attributable to the issue of new shares, is presented as a deduction from shareholders' equity.

- On October 4, 2021, the reduction of the share capital by canceling 4,025 treasury shares held by the Company following the termination of its liquidity agreement with ODDO BHF. This cancellation generated a reduction in the share capital of €603.75.
- On November 2, 2021, the global offering consisting of the public offering of 354,060 "American Depositary Shares" or "ADS", each representing two ordinary shares (or 708,120 ordinary shares), and a concurrent private placement of 4,466,880 ordinary shares in Europe. This issue generated an increase in the share capital of €776,250 and share premium of €87,198,750. The equity transaction cost, amounting to €6,653,000.90 and directly attributable to the issue of new shares, is presented as a deduction from shareholders' equity.
- In December 2021, the vesting of 32,463 free convertible preferred shares and the conversion of 4,115 preferred shares into 112,074 new ordinary shares. This transaction generated an increase in the share capital of €21,063.30, credited against the share premium account.

At December 31, 2021, the breakdown of the capital ownership structure was primarily as follows:

- 13.02% by Groupe Grimaud La Corbière SAS;
- 8.19% by Bpifrance Participations SA;

The remaining capital is held as follows:

- 0.11% by employees (non-corporate officers);
- 0.64 % by Management Board members;
- 0.97% by other private persons as shareholders to the Company's knowledge (including private persons of the Grimaud family - including Frédéric Grimaud, Chairman of the Supervisory Board and Financière Grand Champ SAS -

in addition to independent members of the Supervisory Board, James Sulat and Anne-Marie Graffin);

- the remaining 77.07% by the free float.

Rates are calculated in reference to total share capital of 105,239,085 Valneva SE shares, divided into (a) 105,190,223 ordinary shares (ISIN FR0004056851) with a par value of €0.15 per share, (b) 48,862 convertible preferred shares, with a par value of €0.15.

Other equity

No dividend was paid in 2021.

(b) Change from January 1, 2020 to December 31, 2020

In € thousand	January 1, 2020	Changes in the period			December 31, 2020
		Increase	Decrease	Other changes	
Share capital or individual share	13,820	4	(178)	0	13,646
Additional paid-in capital	266,092	71	0	0	266,163
Regulated reserves	52,832	0	0	0	52,832
Retained earnings/(accumulated deficit)	(121,047)	0	0	(27,992)	(149,039)
Net income/(loss) for the year	(27,992)	0	(14,564)	27,992	(14,564)
Net investment grants	54	0	(4)	0	50
Tax-driven provisions	0	0	0	0	0
TOTAL SHAREHOLDERS' EQUITY	183,760	75	(14,746)	0	169,089

Share capital

At December 31, 2020, the share capital in the amount of €13,646 thousand was comprised of 90,970,562 shares, of which 90,950,048 ordinary shares with a par value of €0.15 and 20,514 convertible preferred shares with a par value of €0.15.

Corporate actions in 2020:

The Management Board duly noted in 2020 :

- the exercise of 4,875 warrants (BSA 25 warrants) by one member of the Supervisory Board. The final gross proceeds of the rights issue amounted to €19,110 corresponding to the issuance of 4,875 new ordinary shares, issued at a subscription price of €3.92 per share;
- the exercise of 21,875 warrants (BSA 27 warrants) by six members of the Supervisory Board. The final gross proceeds of the rights issue amounted to €56,306.25 corresponding to the issuance of 21,875 new ordinary shares, issued at a subscription price of €2.574 per share.

This issue generated an increase in the share capital of €4,012.50 thousand and share premium of €71,403.75.

17,836,719 preference shares with a value of €0.01 each were redeemed and immediately cancelled by the company on 29th May 2020. This cancellation generated a reduction in the share capital of €178,367.19.

At December 31, 2020, the breakdown of the capital ownership structure was primarily as follows:

- 15.07% by Groupe Grimaud La Corbière SA;
- 8.20% by Bpifrance Participations SA;
- 8.74% by two funds managed by MVM Life Science Partners LLP (MVM IV LP & MVM GP (No. 4) Scottish LP).

The remaining capital is held as follows:

- 0.84% held by employees and management;
- 1.30% by other private persons as shareholders to the Company's knowledge (including private persons of the Grimaud family - including Frédéric Grimaud, Chairman of the Supervisory Board and Financière Grand Champ SAS - in addition to independent members of the Supervisory Board, James Sulat and Alexander von Gabain);
- the remaining 65.86% by the free float.

Rates are calculated in reference to total share capital of 90,950,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 per share, (b) 20,514 convertible preferred shares, also with a par value of €0.15.

Other equity

No dividend was paid in 2020.

Equity warrants (Bons de souscription d'actions or "BSA")

No warrants were granted in 2020.

3.11. Investment grants

In € thousand	Dept 44
Net amount at 12/31/2020	51
Grant transferred to 2021 net income	(4)
Decrease in the grant	
NET AMOUNT AT 12/31/2021	47

3.12. Subordinated grants

<i>In € thousand</i>	<i>OSEO Vivabio</i>
Amount granted	2,770
Grant date	June 26, 2009
Net amount at 01/01/2011	2,770
Grant for 2011	0
Repayment during 2011	0
Net amount at 12/31/2011	2,770
Grant for 2012	0
Repayment during 2012	0
Net amount at 12/31/2012	2,770
Grant for 2013	0
Repayment during 2013	0
Net amount at 12/31/2013	2,770
Repayment during 2014	0
Net amount at 12/31/2014	2,770
Decrease in aid in line with actual expenses	(1,307)
Financial returns	194
Repayment during 2015	0
Net amount at 12/31/2015	1,658
Decrease in aid in line with actual expenses	0
Financial returns	198
Repayment during 2016	(70)
Net amount at 12/31/2016	1,786
Financial returns	204
Repayment during 2017	(223)
Net amount at 12/31/2017	1,767
Financial returns	210
Repayment during 2018	(79)
Net amount at 12/31/2018	1,898
Financial returns	213
Repayment during 2019	(315)
Net amount at 12/31/2019	1,796
Financial returns	193
Repayment during 2020	(438)
Net amount at 12/31/2020	1, 551
Financial returns	(49)
Repayment during 2021	(531)
Net amount at 12/31/2021	971

3.13. Provisions for contingencies and losses

(a) Change from January 1, 2021 to December 31, 2021

<i>In € thousand</i>	January 1, 2021	Changes in the period			December 31, 2021
		Increase	Reversals		
			Used	Not used	
Disputes	0	0	0	0	0
Foreign exchange risks	353	37	0	0	390
Retirement severance benefits	537	0	0	(123)	413
Social charges due on share-based payments	1,620	2,550	(1,135)	0	3,034
Miscellaneous risks	1,853	247	0	0	2,100
Restructuring costs	0	0	0	0	0
TOTAL PROVISIONS FOR CONTINGENCIES AND LOSSES	4,363	2,834	(1,135)	(123)	5,937
▪ of which operating	2,168	2,550	(1,135)	(123)	3,459
▪ of which financial	353	37	0	0	390
▪ of which exceptional	1,840	247	0	0	2,088

A provision recorded in the amount of €2,100 thousand in connection with the litigation with certain former Intercell shareholders who 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 was maintained, as an agreement has not yet been reached in 2021.

A provision for social security charges due on share-based payments established as at December 31, 2020, using Valneva's closing share price as at December 31, 2020, was maintained (€24.50 as at December 31, 2021). The reversal of €1,135 thousand represents the provision for current liabilities included in employee-related liabilities at December 31, 2021.

(b) Change from January 1, 2020 to December 31, 2020

<i>In € thousand</i>	January 1, 2020	Changes in the period			December 31, 2020
		Increase	Reversals		
			Used	Not used	
Disputes	0	0	0	0	0
Foreign exchange risks	131	222	0	0	353
Retirement severance benefits	400	137	0	0	537
Social charges due on share-based payments	0	1,620	0	0	1,620
Miscellaneous risks	2,100	0	(247)	0	1,853
Restructuring costs	164	0	(164)	0	0
TOTAL PROVISIONS FOR CONTINGENCIES AND LOSSES	2,794	1,979	(411)	0	4,363
▪ of which operating	575	1,757	(164)	0	2,168
▪ of which financial	131	222	0	0	353
▪ of which exceptional	2,088	0	(247)	0	1,840

A provision for restructuring costs recorded for €164 thousand relating to the Finance Department's reorganization initiated in October 2019 was reversed on December 31, 2020 following the completion of the restructuring plan.

At December 31, 2020 a provision recorded in the amount of €2,100 thousand in connection with the litigation with certain former Intercell shareholders who 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 was maintained, as an agreement has not yet been reached in 2020. The reversal of the provision corresponds to the costs incurred in 2020 in managing this litigation.

A provision for social security charges due on share-based payments was established as at 31 December 2020, using Valneva's share price as at 31 December 2020. (€7.75).

3.14. Borrowings

In € thousand		At December 31,	
		2021	2020
RTC credit collateralization ⁽¹⁾	1-month Euribor floating rate + 1.70%	3,737	4,304
Current bank facilities, bank credit balances		3	4
TOTAL		3,740	4,308

(1) of which accrued interest €4 thousand.

(a) At December 31, 2021

In € thousand	Gross	Up to 1 year	More than 1 year	More than 5 years
TOTAL FINANCIAL DEBT	3,740	3,740		
▪ of which loans secured during the year	3,734			
▪ of which loans repaid during the year	1,426			

The loans obtained during the year represent:

- the renewed collateralization of the 2018 and 2019 research tax credits (RTC);
- the collateralization of the 2020 RTC with BPI.

Repayment of these loans includes the collateralization of the 2017 RTC.

(b) At December 31, 2020

In € thousand	Gross	Up to 1 year	More than 1 year	More than 5 years
TOTAL FINANCIAL DEBT	4,308	4,308		
▪ of which loans secured during the year	4,300			
▪ of which loans repaid during the year	21,500			

The loans obtained during the year represent:

- the renewed collateralization of the 2017 and 2018 research tax credits (RTC);
- the collateralization of the 2019 RTC with BPI.

Repayment of these loans includes the collateralization of the 2016 RTC.

3.15. Trade payables and related accounts

(a) At December 31, 2021

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating payables	2,202	2,202	0	0
Notes payable	0	0	0	0
Operating payables - purchase invoice accruals	2,073	2,073	0	0
TOTAL	4,275	4,275	0	0

(b) At December 31, 2020

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating payables	291	291	0	0
Notes payable	0	0	0	0
Operating payables - purchase invoice accruals	2,298	2,298	0	0
TOTAL	2,589	2,589	0	0

3.16. Tax and employee-related liabilities

<i>In € thousand</i>	December 31, 2021	December 31, 2020
VAT due	61	37
Other taxes	48	42
Wages and salaries	937	870
Employee benefit expense	2,579	545
TOTAL TAX AND EMPLOYEE-RELATED LIABILITIES⁽¹⁾	3,626	1,494
<i>(1) up to 1 year</i>	3,626	1,394
<i>More than 1 and less than 5 years</i>	0	0
<i>more than 5 years</i>	0	0

3.17. Other financial liabilities

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Amounts due in respect of fixed asset purchases	41	7
Other operating payables	30,579	20,025
TOTAL OTHER LIABILITIES	30,620	20,032

The line item "Other operating liabilities" includes mainly the current account balance with Valneva Austria GmbH (€4,459 thousand) and the loan with the same affiliate (€25,000 thousand).

(a) At December 31, 2021

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year	More than 5 years
Payables to fixed asset suppliers	41	41	0	0
Other financial liabilities	30,579	30,579	0	0
TOTAL	30,620	30,620		

(b) At December 31, 2020

<i>In € thousand</i>	Gross	Up to 1 year	More than 1 year	More than 5 years
Payables to fixed asset suppliers	7	7	0	0
Other financial liabilities	20,025	3,525	16,500	0
TOTAL	20,032	3,532	16,500	0

3.18. Deferred income

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Operating grants	0	0
Research services and royalties	0	0
TOTAL DEFERRED INCOME	0	0

3.19. Accrued expenses

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Trade payables and related accounts	2,231	2,298
Tax and employee-related liabilities	1,377	1,254
Borrowings and financial liabilities	3	4
Other financial liabilities	19	13
TOTAL ACCRUED EXPENSES⁽¹⁾	3,630	3,568

(1) Payables up to 1 year.

Note 4 **Notes to the income statement****4.1. Revenues**

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Research services	36	42
Other services	3,562	3,336
TOTAL	3,598	3,378

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Sales in France	328	296
Export sales	3,270	3,336
TOTAL	3,598	3,378

4.2. Own production of goods and services capitalized

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Development expenditure	0	0
TOTAL	0	0

4.3. Operating grants

<i>In € thousand</i>	December 31, 2021	December 31, 2020
CPAM	0	3
TOTAL	0	3

4.4. Other income

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Upfront and milestones	2,389	3,725
Translation gains on trade receivables and payables	26	25
Other	1	0
TOTAL	2,416	3,750

4.5. Reversals of depreciation, amortization and provisions and expense reclassifications

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Reversals of provisions for contingencies and losses	123	164
Operating expense reclassifications	25	24
TOTAL	148	188

4.6. Purchases and external expenses

MAIN CHARGES

in € thousand

	December 31, 2021	December 31, 2020
Work by various third parties	2,849	1,596
Fees	7,714	4,792
Maintenance and repairs	319	307
Administrative services	7,081	6,046
Temporary personnel	0	0
Recruitment costs	188	90
Travel expenses	49	112
Symposiums, seminars, conferences	41	34
Post and telephone expenses	39	51
Entertainment expenses	23	26
Property leasing	40	36
Leasing expenses	10	12
Equipment leasing	16	14
Sundry transport expenses	114	71
Advertising, publications, public relations	171	175
Documentation	22	22
Insurance premiums	6,689	395
Waste management	43	45
Security services	9	9
Training fees	46	10
Bank services	79	44
Natural gas	24	20
Water	3	2
Electricity	94	93
Dues and related contributions	23	22
TOTAL	25,686	14,023

Fees and insurance increased significantly in 2021 in connection with the initial public offering on the Nasdaq market.

4.7. Taxes, duties and related amounts

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Taxes on compensation	69	92
Training	42	68
Apprentices tax	24	22
Other taxes/compensation (FNAL)	2	2
Other taxes	62	114
Local taxes	46	48
CFE - CVAE regional business tax	(5)	3
Employer contribution for handicapped workers	4	3
Withholding taxes	14	59
Other taxes	3	1
TOTAL	131	206

4.8. Personnel

(a) Employees

<i>Average number of employees</i>	At December 31, 2021	At December 31, 2020
Executives and higher intellectual professions	35	34
Intermediate professions	5	4
Office employees/workers	5	4
Workers	0	0
Seconded personnel	0	0
TOTAL	46	42

- Employees present at December 31, 2021: 48 employees of which 46 on permanent contracts and on 2 on fixed term contracts.
- Employees present at December 31, 2020: 41 employees of which 41 on permanent contracts.

(b) Staff costs

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Wages and salaries	3,716	3,396
Employee benefit expense	3,539	1,332
Other personnel expenses	100	85
TOTAL	7,355	4,813

(c) Compensation paid to Management Board and Supervisory Board Members

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Fixed compensation	468	542
Variable compensation	295	217
Fringe benefits	22	22
ALL MANAGEMENT BOARD MEMBERS	784	780
Attendance fees	275	169
ALL SUPERVISORY BOARD MEMBERS	275	169
TOTAL	1,059	949

<i>Free shares (Free ordinary shares fully vested)</i>	December 31, 2021	December 31, 2020
Management Board Members	0	0
Supervisory Board Members	0	0

<i>Free shares (Free convertible preferred shares fully vested)</i>	December 31, 2021	December 31, 2020
Management Board Members	14,898	0
Supervisory Board Members	0	0

<i>Stock options (Number of shares subscribed)</i>	December 31, 2021	December 31, 2020
Management Board Members	0	0
Supervisory Board Members	0	0

<i>Equity warrants (BSA) (Number of shares subscribed)</i>	December 31, 2021	December 31, 2020
Management Board Members	0	0
Supervisory Board Members	12 500	26 750

(d) Employee benefits**Assumptions used for the valuation of pension benefits**

	December 31, 2020	December 31, 2020
Discount rate	1%	0.50%
Salary increase rate	2%	2%
Social security charge rate	managers 47%- other categories 43%	Supervisors 47%- Others 43%
Employee turnover rate by age	Details below	Details below

Annual turnover	Supervisors	Managers	Office employees/ workers
	Rates determined by age group		
-25 years	18.00%	21.35%	3.33%
25-29 years	18.00%	21.35%	3.33%
30-34 years	9.00%	10.64%	1.68%
35-39 years	9.00%	10.64%	1.68%
40-44 years	3.00%	3.57%	0.57%
45-49 years	3.00%	3.57%	0.57%
50-54 years	0.00%	0.00%	0.00%

Change in net commitments and reconciliation of the provision

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Commitment at the beginning of period	537	400
Commitment at the end of period	413	537
Provision at the beginning of period	537	400
Reversal of the period (impact of the new IFRIC method)	(172)	137
Charge for the period	48	0
Provision at the end of period	413	537

4.9. Depreciation, amortization & impairment of fixed assets

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Intangible fixed assets	240	125
Property, plant and equipment	588	580
TOTAL FIXED ASSETS (A)	828	705
Employee commitments	(123)	137
Provisions for operating contingencies and losses	1,414	1,456
TOTAL PROVISIONS (B)	1,291	1,593
TOTAL NET CHARGES EXCLUDING CURRENT ASSETS (C=A+B)	2,119	2,298
Trade receivables and other current assets	14	0
TOTAL ASSETS (D)	14	0
EXCEPTIONAL AMORTIZATION (E=C+D)	2,133	2,298
Provisions for unrealized foreign exchange losses	37	222
Impairments of current account balances	0	0
Impairment of financial assets	(89)	(400)
TOTAL FINANCIAL ASSETS (F)	(52)	(178)
Exceptional amortization of fixed assets (G)	0	0
Impairment of fixed assets (H)	0	0
Accelerated tax depreciation or amortization of fixed assets (I)	0	0
Other provisions (J)	247	(247)
TOTAL EXCEPTIONAL ITEMS (K=G+H+I+J)	247	(247)

4.10. Net income/(loss) from financial items

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Revenue from marketable securities and deposits	39	87
Interest on borrowings	(38)	(317)
Interest on repayable loans	49	(193)
Interest on current accounts	173	60
Dividends received	0	0
Translation adjustments	737	(234)
Penalties for early repayment	0	(600)
Impairment of financial assets/reversals	52	400
NET FINANCIAL INCOME/(EXPENSE)	1,012	(797)

4.11. Net exceptional items

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Net income on disposals	0	(6)
Depreciation and provisions, net of reversals on tangible fixed assets	0	0
Amortization and provisions, net of reversals on intangible fixed assets	0	0
Provisions for contingencies and losses net reversals	(247)	247
Share of grant transferred to income	3	7
Misc.	(9)	0
NET EXCEPTIONAL ITEMS	(253)	248

4.12. Income tax

(a) Income tax charges

Effective tax rate

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Net profit/(loss)	(28,222)	(14,564)
Income tax	(1,774)	(1,073)
Net loss before tax	(29,996)	(15,637)
EFFECTIVE TAX RATE	0	0

(b) Tax losses carried forward

	December 31, 2021	December 31, 2020
Losses carried forward at the beginning of the period	192,015	176,502
Losses generated during period	42,857	15,513
Losses utilized during period	0	0
Prior losses used	0	0
Losses expired during period	0	0
LOSSES CARRIED FORWARD AT THE END OF THE PERIOD	234,872	192,015

(c) Deferred tax assets and deferred tax liabilities

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Deferred tax assets (investment grants and accelerated tax depreciation or amortization)	12	14
Deferred tax liabilities	0	
▪ operating grants taxable at time of allotment	0	0
▪ unrealized gains from UCITS	0	0
▪ employee profit-sharing	0	0
TOTAL DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES)	12	14

4.13. Earnings per share

		December 31, 2021	December 31, 2020
Basic net loss (<i>in euros</i>)	(a)	(28,222,329.97)	(14,564,022.50)
Average number of shares outstanding	(b)	98,766,453.99	91,385,179.46
Total number of potential shares	(c)	111,763,160	100,073,299
Basic net earnings per share (<i>in euros</i>)	(a)/(b)	(0.29)	(0.16)

In light of the net loss, diluted earnings per share are considered identical to basic earnings.

4.14. Other information

(a) Commitments and contingent liabilities

Debt guarantee by collateral

<i>In € thousand</i>	December 31, 2021	December 31, 2020
Equipment pledge	0	0
Pledges on non-consolidated investments	0	0

Off-balance-sheet commitments

<i>In € thousand</i>	As at December 31,	
	2021	2020
Commitments given		
▪ Commitment on Wilmington/Valneva Austria GmbH loan ⁽¹⁾	49,671	46,190
▪ Financial returns on OSEO2 reimbursable loans ⁽²⁾	143	1,454
▪ Equipment financing lease	8	13
▪ Comfort letter in favor of Valneva GmbH ⁽³⁾	1,711	2,689
▪ Joint surety in favor of VGO Bureaux, lease signed for the premises of Valneva France ⁽⁴⁾	238	236
▪ Comfort letter and guarantee for the benefit of Valneva Canada Inc. for a contract for vehicles	38	50
▪ Parent guarantee to Valneva Sweden AB ⁽⁵⁾	8,077	7,927
▪ Guarantee to Valneva Scotland (grant) ⁽⁶⁾	1,102	0
▪ Parent guarantee to Valneva GmbH (Supply agreement with the UK government and clinical trial agreement) ⁽⁷⁾	166,876	14,136
TOTAL COMMITMENTS GIVEN	227,865	72,694
COMMITMENTS RECEIVED	0	0
TOTAL COMMITMENTS RECEIVED	0	0

(1) Principal of the loan guaranteed by Valneva SE at December 31, 2021.

(2) The maximum amount repayable of reimbursable loans under the Vivabio program was reduced to €3 million in July 2015. This amount that is repayable until 2024, was recognized in the amount of €971 thousand (See Note 3.12).

(3) On lease instalments payable until the end of the property lease in 2023.

(4) Representing 3 years of rent excluding taxes and charges.

(5) On lease instalments payable until the end of the property lease in 2031.

(6) Representing the £925,000 granted to Valneva Scotland Limited by the Scotland's national economic development agency "Scottish Enterprise".

(7) Corresponding to the amount received from the British government to finance the investments.

Other commitments given

The Group's parent company has provided financial support for a period of at least 12 months from the date of approval of the financial statements for the period ending December 31, 2021 for the subsidiaries Valneva Austria, UK and Scotland.

Contingent liabilities

The following dispute is classified as contingent liability as the probability of an outflow of resources is low.

In July 2016, a claim for additional payment was raised and litigation was filed in December 2016, in connection with the 2009 acquisition of Humalys SAS, from which the Company had acquired a technology, which was later combined with other antibody discovery technologies and spun off to BliNK Biomedical SAS in early 2015. Former shareholders of Humalys claimed additional consideration as a result of the spin-off transaction. A first instance decision in the Humalys case is now expected in the first half of 2022. After

consultation with its external advisors the Company believes that this claim is unsubstantiated and the filed litigation is not likely to succeed in court. Detailed information on the potential specific financial consequences, which might result from a successful claim could adversely affect the Company's ability to defend its interests in this case and therefore is not provided.

No provision has moreover been recorded by the Company in respect to stock option, equity warrant and bonus share plans. In effect, the Company intends to issue new shares in connection with future grants and subscriptions.

(b) Information concerning related parties

Related parties concern relations with Groupe Grimaud La Corbière SA (today Groupe Grimaud La Corbière SAS) and companies of Groupe Grimaud La Corbière (1), the subsidiary Valneva Austria GmbH (2), the subsidiary Valneva Canada Inc. (3), and the subsidiary Valneva UK Ltd. (4), the subsidiary Valneva USA Inc. (6) and the subsidiary Valneva France SAS.(7).

1. For Groupe Grimaud La Corbière SAS and Groupe Grimaud La Corbière companies, services rendered related to normal operating activities:

a collaboration and research license agreement and a contract for the provision of premises and equipment (Vital Meat Project) signed in 2018 generated revenue of €231 thousand for the 2021 financial year (€43 thousand are included in trade receivables at December 31, 2021).

2. A loan agreement, entering into effect as from October 1, 2020, was signed between Valneva SE (the borrower) and its subsidiary Valneva Austria GmbH. The amount of this loan, subject to interest at a rate of 3-months EURIBOR plus 1 percent, is limited to €25 million and must be paid back before September 30, 2025. The loan amount represents € 25 million at December 31, 2021 and €107 thousand for interest were invoiced in 2021.

An agreement between Valneva SE and Valneva Austria GmbH entering into effect as from May 28, 2013 sets guidelines for the re-invoicing of services between these two companies.

Under the terms of this agreement, Valneva SE re-invoiced €2,919 thousand in 2021 and Valneva Austria GmbH re-invoiced €7,906 thousand in 2021.

These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a credit balance for the net of €2,867 thousand at December 31, 2021).

3. A loan agreement, entering into effect in March 2015, was signed between Valneva SE and its subsidiary Valneva Canada Inc. The amount of this loan, subject to interest at a rate of 3-month CDOR plus 1 percent is limited to C\$10 million and must be paid back before January 31, 2025 (the repayment term has been extended by 5 years as per an amendment to the agreement entered into on February 19, 2020). The loan amount represents €5.179 million (C\$7.5 million), at December 31, 2021 and €62 thousand for interest was invoiced in 2021.

An agreement between Valneva SE and Valneva Canada Inc. entering into effect starting in 2015 sets guidelines for re-invoicing services by Valneva SE. The amount charged back under this agreement represented income of €15 thousand for 2021.

These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a debit balance for the net of €67 thousand at December 31, 2021).

4. A loan agreement, entering into effect as from November 30, 2015 was signed between Valneva SE and its subsidiary Valneva UK Ltd. The amount of this loan, subject to interest at a rate of 3-month LIBOR plus 1 percent, is limited to £4 million and must be paid back before January 31, 2025 (the repayment term has been extended by 5 years as per an amendment to the agreement entered into on February 19, 2020). The loan amount represents €2,145 million (£1.8 million) at December 31, 2021 and €23 thousand for interest were invoiced in 2021.

An agreement between Valneva SE and its subsidiaries Valneva UK Ltd. in force as from January 1, 2019 governs the provisions for re-invoicing services by Valneva UK. The amount charged back under this agreement represented income of €806 thousand for 2021.

These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a credit balance for the net of €626 thousand at December 31, 2021).

5. An agreement between Valneva SE and Intercell USA Inc. (today Valneva USA Inc.), entering into effect in 2015 sets guidelines for the re-invoicing of services between these two companies. The amount charged back under this agreement represented income of €26 thousand and an expense of €785 thousand for Valneva SE for 2021.

These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a credit balance for the net of €405 thousand at December 31, 2021).

6. A loan agreement, entering into effect as from October 1, 2020 was signed between Valneva SE and its subsidiary Valneva Sweden. The amount of this loan, subject to interest at a rate of 3-month STIBOR plus 1 percent, is limited to SEK 300 million (the amount having been increased from 200 million to 300 million by amendment to the contract signed on September 15, 2021) and must be paid back before

October 31, 2025. The loan amount represents €29,286 thousand (SEK 300 million) at December 31, 2021 and €186 thousand for interest were invoiced in 2021.

An agreement between Valneva SE and Valneva Sweden AB entering into effect in 2015 sets guidelines for re-invoicing services by Valneva SE. The amount charged back under this agreement represented income of €101 thousand for 2021. An amendment to this agreement entering into effect on January 1, 2017 sets guidelines for the re-invoicing of services between these two companies. The amount charged back under this agreement represented an expense of €11 thousand for Valneva SE for 2021.

These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a debit balance for the net of €220 thousand at December 31, 2021).

7. A loan agreement, entering into effect as from April 1, 2020 was signed between Valneva SE and its subsidiary Valneva France. The amount of this loan, subject to interest at a rate of 3-month EURIBOR plus 1 percent, is limited to € 3 million and must be paid back before January 31, 2025. The loan amount represents €2,100 thousand at December 31, 2021 and €8 thousand for interest were invoiced in 2021.

An agreement between Valneva SE and Valneva France SAS entering into effect as from February 20, 2019 sets guidelines for the re-invoicing of services between these two companies. The amount charged back under this agreement represented income of €124 thousand for 2021 and an expense of €61 thousand for Valneva SE for 2021.

These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a debit balance for the net of €54 thousand at December 31, 2021).

<i>In € thousand</i>	December 31, 2021	December 31, 2020
FINANCIAL ASSETS		
Equity investments ⁽¹⁾	166,690	166,690
Loans		
RECEIVABLES		
Other receivables	40,712	13,985
PAYABLES		
Trade payables and related accounts		
Other financial liabilities	30,560	19,999
OPERATING EXPENSES		
Revenues	3,413	3,180
Other income	0	1,850
Financial income	279	77
OPERATING EXPENSES		
Other purchases and external expenses	9,508	7,134
FINANCIAL EXPENSE		
Interest and similar expenses	107	17

(1) See Note 3.3.

(c) Valneva SE's share capital after the exercise of different dilutive instruments at December 31, 2021

Valneva SE shareholding structure before exercise or full vesting (and, if applicable, conversion) of dilutive instruments

At December 31, 2021 (to the Company's knowledge)

SHAREHOLDERS	Shares held ⁽¹⁾		%	
	Ordinary shares	Preferred shares convertible into ordinary shares		
Groupe Grimaud La Corbière SAS⁽²⁾	13,704,831	0	13.02	
Bpifrance Participations SA	8,619,478	0	8.19	
	Total Management Board members	636,674	30,316	0.64
Management Board members	Mr. Franck Grimaud	485,889	10,319	0.47
	Mr. Thomas Lingelbach	139,983	13,604	0.15
	Mr. Frédéric Jacotot	10,802	6,393	0.02
	Mr. Juan Carlos Jaramillo	0	0	0
Employees (non-corporate officers)	101,142	13,756	0.11	
Other shareholders (private individuals)	1,017,595	4,790	0.97	
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS ⁽²⁾	707,458	0	0.67	
Including independent members of the Supervisory Board	Mr. James Sulat	27,242	0	0.03
	Ms. Anne-Marie Graffin	11,125	0	0.01
Other floating capital	81,110,503	0	77.07	
SUBTOTAL BY CATEGORY	105,190,223	48,862	100	
TOTAL		105,239,085	100	

(1) Percentages in this table are calculated in reference to a share capital of 105,239,085 Valneva SE shares, divided into (a) 105,190,223 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 48,862 preferred shares convertible into ordinary shares, also with a par value of €0.15 each.

(2) The *Groupe Familial Grimaud* is composed of the company *Groupe Grimaud La Corbière SAS*, the private shareholders of the Grimaud family and the company *Financière Grand Champ SAS*.

Number of ordinary shares to be issued after exercise or full vesting (and, if applicable, conversion) of dilutive instruments

At December 31, 2021 (to the Company's knowledge)

SHAREHOLDERS	Dilutive instruments - Number of ordinary shares to be issued ⁽¹⁾			
	Stock-options	Equity warrants (BSA)	Free ordinary shares	Free Convertible Preferred Shares
Groupe Grimaud La Corbière SAS⁽²⁾	0	0	0	0
Bpifrance Participations SA	0	0	0	0
Total Management Board members	330,921	0	856,807	405,756
Management Board members				
Mr. Franck Grimaud	109,962	0	262,570	126,673
Mr. Thomas Lingelbach	209,962	0	331,667	152,410
Mr. Frédéric Jacotot	10,997	0	262,570	126,673
Mr. Juan Carlos Jaramillo	0	0	0	0
Employees (non-corporate officers)	3,634,071	0	720,000	267,367
Other shareholders (private individuals)	31,596	21,875	205,597	98,947
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS ⁽²⁾	0	6,250	0	0
Including independent members of the Supervisory Board				
Mr. James Sulat	0	3,125	0	0
Ms. Anne-Marie Graffin	0	3,125	0	0
Other floating capital	0	0	0	0
SUBTOTAL BY CATEGORY	3,996,588	21,875	1,782,404	772,070
TOTAL		6,572,937		

(1) Ratios of conversion with respect to the different dilutive instruments are set as follows:

- Stock-options: 1 stock option issued pursuant to plan 7 entitles to 1,099617653 Valneva SE ordinary share (then rounded up for each beneficiary), while 1 stock option issued pursuant to plans 8, 9, 10 or 11 entitles to 1 ordinary share of the Company;
- BSA 27: 1 BSA entitles to 1 ordinary share of the Company Valneva SE;
- Preferred shares convertible into ordinary shares (2017-2021 program): the conversion of convertible preferred shares into ordinary shares is set by multiplying the number of free convertible preferred shares by 27,23567 (then rounded down). Conversion ratio defined at the time of vesting of the free convertible preferred shares, by decision of the Management Board on December 15, 2021.

(2) The Groupe Familial Grimaud is composed of the company Groupe Grimaud La Corbière SAS, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.

Valneva SE shareholding structure after exercise or full vesting (and, if applicable, conversion) of dilutive instruments

At December 31, 2021 (to the Company's knowledge)

SHAREHOLDERS	Valneva SE Ordinary shares	%
Groupe Grimaud La Corbière SAS⁽¹⁾	13,704,831	12.26
Bpifrance Participations SA	8,619,478	7.71
Total Management Board members	2,230,158	2.01
Mr. Franck Grimaud	985,094	0.88
Management Board members		
Mr. Thomas Lingelbach	834,022	0.75
Mr. Frédéric Jacotot	411,042	0.37
Mr. Juan Carlos Jaramillo	0	0
Employees (non-corporate officers)	4,722,580	4.23
Other shareholders (private individuals)	1,375,610	1.23
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS ⁽¹⁾	713,708	0.64
Mr. James Sulat	30,367	0.03
Including independent members of the Supervisory Board		
Ms. Anne-Marie Graffin	14,250	0.01
Other floating capital	81,110,503	72.57
TOTAL	111,763,160	100

(1) The Groupe Familial Grimaud is composed of the company Groupe Grimaud La Corbière SAS, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS.

(d) Subsidiaries and associates**Subsidiaries (more than 50 percent)**

Name	Share capital	Ownership interest ⁽²⁾	Gross value of securities	Loans, advances ⁽⁴⁾	Net sales ⁽⁶⁾
	Shareholders' equity ⁽¹⁾	Dividends ⁽³⁾	Net value of securities	Guarantees ⁽⁵⁾	Profit or loss ⁽⁷⁾
Valneva Austria GmbH⁽⁸⁾	€10,070,000	100.00%	€147,876,224	€0	€322,330,929
	€226,847,352	€0	€147,876,224	€0	€(35,350,494)
Vaccines Holdings Sweden AB⁽⁸⁾	SEK 50,000	100.00%	€9,813,136	€0	SEK 0
	SEK 210,317,014	€0	€9,813,136	€0	SEK 8,843
Valneva Canada Inc.⁽⁸⁾	CAD 1,000	100.00%	€731	€5,179,200	CAD 6,242,313
	CAD 4,227,963	€0	€731	€0	CAD 223,735
Valneva Scotland Ltd.⁽⁸⁾	GBP 100	100.00%	€136	€2,144,644	GBP 3,010,642
	GBP 893,349	€0	€136	€0	GBP 125,700
Valneva France SAS⁽⁸⁾	€1,000	100.00%	€1,000	€2,100,000	€2,484,615
	€(89,804)	€0	€1,000	€0	€(171,747)

Non-consolidated investments (less than 50 percent)

Name	Share capital	Ownership interest ⁽²⁾	Gross value of securities	Loans, advances ⁽⁴⁾	Net sales ⁽⁶⁾
	Shareholders' equity ⁽¹⁾	Dividends ⁽³⁾	Net value of securities	Guarantees ⁽⁵⁾	Profit or loss ⁽⁷⁾
BliNK Biomedical SAS	€2,192,459	48.90%	€8,998,528	€0	€267,489
	€2,168,441	€0	€2,124,446	€0	€(16,430)

(1) Equity = equity other than earnings and share capital.

(2) Ownership interest = percentage held by Valneva at 12/31/2021.

(3) Dividends = dividends received by Valneva in 2021.

(4) Loans, advances = loans, financial advances, current account advances.

(5) Guarantees = outstanding balance of guarantees given by Valneva.

(6) Net sales = sales excluding tax.

(7) Profit or loss = reported net income or loss of the last financial period.

(8) 2021 IFRS data.

(e) Market Risks

Interest rate risk

The Company is exposed to market risks in connection with hedging both of its liquid assets and of its medium and long-term indebtedness.

As far as its liquid assets are concerned, the exchange rate risk is controlled by procedures for monitoring and validation existing at the Company level. Liquid assets are also mainly invested in term deposits guaranteed on maturity offering a high degree of security (See Note 3.7).

The Company has also obtained loans to finance its investments and to support research and development. At December 31, 2021, borrowings totaled €3,740 thousand at 1-month Euribor floating rates. (See Note 3.14).

Exchange rate risk

The Company's exposure to exchange rate risks involving the US dollar or any other currency is limited. Therefore, at this stage of its development, the Company has taken no steps to protect its business against exchange rate risks. The Company will monitor its exchange rate exposure in relation to changes in its situation. The Company's strategy is to use the Euro as the main currency when signing contracts. The Company could enter into contracts, however, in the future to cover exchange rate fluctuations if it appeared necessary and if the risks were deemed to be material.

(f) Events after the reporting period

No significant events have occurred since the end of the fiscal year.

4.2.5. Statutory Auditors' report on the financial statements

(For the year ended 31 December 2021)

To the General Assembly

VALNEVA SE
6 rue Alain Bombard
44800 Saint-Herblain

This is a translation into English of the statutory auditors' report on the 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 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.

Opinion

In compliance with the engagement entrusted to us by your General Assembly, we have audited the accompanying financial statements of Valneva for the year ended 31 December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 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 January 1st, 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.

Observation

Without qualifying our opinion, we draw your attention to Note 2.14 "Employee Commitments" describing the impact of the application at December 31, 2021 of the update of the ANC recommendation no. 2013-02 relating to retirement commitments.

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 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 financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

RISK DESCRIPTION**RISK RESPONSE****Contingencies and Provisions for risks**

(Notes 3.13 "Provisions for contingencies and losses" and 4.14 (a) "Other information - Commitments and contingencies liabilities" to the annual 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, This 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 and contributed to BliNK Biomedical in early 2015. Humalys' former shareholders now demand additional payment pursuant to this disposal. The Company's management, after consultation with its external advisors, believes that this claim is unsubstantiated and the filed litigation is not likely 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 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.

We gained an understanding of the procedures implemented by the Management regarding the identification of risks linked to a legal proceeding or a commercial /regulatory litigation.

We estimated the costs related to these risks by :

- 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 confirmation requests.

Finally, we have assessed that notes to the annual financial statements provided appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of the presentation of the financial statements intended to be 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 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 Management board.

Based on the work we have performed, we conclude that the presentation of the 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 June 29, 2012 for PricewaterhouseCoopers Audit and on February 22, 2007 for Deloitte & Associés

As at December 31, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 & 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 financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code 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 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 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 financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 and 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 the 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

French original signed by
Cédric Mazille

Deloitte & Associés

French original signed by
Stéphane Lemanissier