

VALEO
French Société Européenne with a Board of Directors
with registered capital of €243,501,944
Registered office: 100 rue de Courcelles, 75017 Paris
Paris Trade and Company Register 552 030 967

**BOARD OF DIRECTORS' SUPPLEMENTARY REPORT ON THE USE OF THE TWENTY-FIFTH
RESOLUTION ADOPTED BY THE GENERAL SHAREHOLDERS' MEETING OF MAY 24, 2023 BY
ISSUING SHARES IN THE CONTEXT OF THE OFFER RESERVED FOR EMPLOYEES**

“SHARES4U 2023”

This additional report is established in accordance with Articles L. 225-129-5 and R. 225-116 of the French Commercial Code.

The General Shareholders' Meeting of the Company, held on May 24, 2023, voting under the quorum and majority conditions required for extraordinary general meetings, delegated to the Board of Directors, in its 25th resolution, its authority to decide to increase the share capital, on one or more occasions, by issuing shares of the Company, without shareholders' preferential subscription rights, reserved for members of a group savings plan set up by the Company and its affiliates within the meaning of Articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labour Code.

Pursuant to the provisions of Article R.225-116 of the French Commercial Code, this report describes the final terms and conditions of the capital increase and its impact on the situation of holders of equity securities and securities giving access to the capital. It also presents the theoretical impact of the issue on the current market value of the share as it results from the average of the previous 20 trading days.

1. Reminder of the decisions of the Company's corporate bodies and main features of the transaction

Acting in accordance with the 25th resolution of the General Shareholders' Meeting of May 24, 2023, the Board of Directors decided in principle on an offer of shares reserved for members of Valeo's Group Savings Plan (*i.e.* « PEG » - *Plan d'Epargne Groupe de Valeo*) and the International Group Savings Plan (*i.e.* « PEGI » - *Plan d'Epargne Groupe International*). The Board of Directors approved the main terms and conditions of the transaction and delegated to the Chief Executive Officer the power, among others, to determine the dates of the subscription period and set the subscription price of the shares.

The price is offered at a 20% discount to the average opening price of the Valeo share during the 20 trading days preceding the date on which the opening date of the subscription period is determined.

The maximum aggregate nominal amount of the capital increase that may be carried out is 1,200,000 euros by issuing a maximum of 1,200,000 shares with a nominal value of 1 euro each.

The Shares4U 2023 Offer expanded in this context is offered in 22 countries (subject to obtaining the prior approval of local relevant jurisdictions) and is part of Valeo's employee shareholding policy in France and abroad in order to involve employees more closely in the Group's results.

The shares will be subscribed either through the "SHARES4U RELAIS 2023" FCPE, a company mutual fund, which is to merge into the "VALEORIZON" FCPE, or directly.

A single subscription formula is proposed, in which subscribers benefit from a discounted subscription price and, in the case of PEG members, an employer contribution. Employees subscribing under the PEGI will benefit from a conditional allocation of free existing shares.

The units of the FCPEs or the shares subscribed for under the Shares4U 2023 Offer must be held by subscribers for a period of approximately five years, unless an authorized early release event occurs.

In accordance with the powers that were delegated by the Board of Directors, the Chief Executive Officer decided to launch the Shares4U 2023 Offer on September 15, 2023. He also determined the dates of the subscription period from September 18, 2023 (inclusive) to October 6, 2023 (inclusive) and set the subscription price of the shares at **€14.24**. This price is equal to 80% of the average opening prices of the Valeo share from August 18, 2023 (inclusive) to September 14, 2023 (inclusive), rounded up to the nearest euro cent.

It is expected that the number of new shares subscribed for under the Shares4U 2023 Offer will be recorded by decision of the Chief Executive Officer on November 15, 2023.

The shares issued pursuant to the Shares4U 2023 Offer will be equivalent to existing ordinary shares and will carry current dividend rights. The admission of these shares to trading on Euronext Paris (ISIN Code: FR0013176526) will be requested as soon as the capital increase is completed on November 15, 2023.

In accordance with the provisions of Article R. 225-115 of the French Commercial Code, this report hereby presents the impact of this issue on the situation of holders of equity securities and securities giving access to the share capital, in particular with regard to the share of equity as at June 30, 2023, the date of the Company's last interim financial statements prepared using the same methods and presentation as the annual balance sheet. It also presents the theoretical impact on the current market value of the share.

2. Impact of the issue of 1,200,000 shares on the situation of holders of equity securities, their share of equity and theoretical impact on the market value of the share

2.1 Impact of the issue on the shareholder's interest in the Company's share capital

For information, on the basis of the Company's share capital as at June 30, 2023, i.e. 243,501,944 shares, the impact of the issue on the shareholding of a shareholder holding 1% of the Company's share capital prior to the issue and not subscribing to it is as follows (on the basis of an assumption of a capital increase carried out up to the maximum nominal amount of 1,200,000 euros)

	Shareholder participation as a % of capital	Total number of shares
Before the issue of the shares resulting from this capital increase	1%	243,501,944

	Shareholder participation as a % of capital	Total number of shares
After the issue of the shares resulting from this capital increase	0.995%	244,701,944

2.2 Impact of the issue on the interest in shareholders' equity

For information, the impact of the issue on the interest in shareholders' equity for a shareholder holding one share (calculated, respectively, on the basis of (i) the company's shareholders' equity at June 30, 2023 and the number of shares comprising the share capital at June 30, 2023 and (ii) the Group's share of consolidated shareholders' equity at June 30, 2023 and the number of shares comprising the share capital at June 30, 2023) is as follows:

	Interest in the company's shareholders' equity (in euros)	Interest in the consolidated shareholders' equity (in euros)
Before the issue of the shares resulting from this capital increase	16.6560	14.6693
After the issue of the shares resulting from this capital increase	16.6442	14.6672

2.3 Theoretical impact on the market value of Valeo shares

The theoretical impact of this issue on the current market value of the share as it results from the previous twenty trading days (based on an assumption of a capital increase up to the maximum nominal amount of 1,200,000 euros) is as follows:

	Theoretical impact on the market value of the share
Before the issue of 1,200,000 new shares	€17.80
After the issue of 1,200,000 new shares	€17.78

This calculation is based on the following formula:

Theoretical share price after transaction = ((average of the last 20 opening share prices before transaction [(i.e. prior to the Chief Executive Officer's decision of September 15, 2023)] x number of shares before transaction) + (issue price x number of new shares)) / (number of shares before transaction + number of new shares).

It is specified that this theoretical approach is given for information purposes only and does not in any way prejudice the future evolution of the share price.

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*Translation for information purposes
Original in French*

This supplementary report and the Statutory Auditors' report are made available to shareholders at the Company's registered office.

Paris, October 26, 2023.

The Board of Directors