GENFIT
TOWARDS BETTER MEDICINE

HALF-YEAR BUSINESS AND FINANCIAL REPORT

AT JUNE 30, 2021

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HALF-YEAR BUSINESS AND FINANCIAL REPORT AS OF JUNE 30, 2021

This report contains certain forward-looking statements, including those within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to GENFIT, including, but not limited to statements about GENFIT's corporate strategy and objectives, the potential sizes of the markets for PBC, PSC and ACLF, commercial certainty within these markets and the outcome of the ELATIVE™ phase 3 trial of elafibranor in PBC, timelines for completion of the ELATIVE™ trial and receipt of market authorization if the result is positive, timelines for and success of the commercial deployment of the diagnostic test powered by NIS4® developed by GENFIT's partner LabCorp and the size of the market for which it is designed, the ability of the NIS4® technology to facilitate the development of an IVD test approvable by the regulatory authorities, and our ability to significantly reduce our projected cash burn over the next several years. The use of certain words, including "believe," "potential," "expect" and "will" and similar expressions, is intended to identify forward-looking statements. Although the Company believes its expectations are based on the current expectations and reasonable assumptions of the Company's management, these forward-looking statements are subject to numerous known and unknown risks and uncertainties, which could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements. These risks and uncertainties include, among other things, the uncertainties inherent in research and development, including related to safety, biomarkers, progression of, and results from, its ongoing and planned clinical trials, review and approvals by regulatory authorities of its drug and diagnostic candidates, the impact of the COVID-19 pandemic, fluctuations in exchange rates, and the Company's continued ability to raise capital to fund its development, as well as those risks and uncertainties discussed or identified in the Company's public filings with the French Autorité des marchés financiers ("AMF"), including those listed in Section 2 "Risks Factors and Internal Control " of the Company's 2020 Registration Document ("Document d'Enregistrement Universel") filed with the AMF on April 23, 2021, which is available on GENFIT's website (www.genfit.com) and on the website of the AMF (www.amf-france.org) and public filings and reports filed with the U.S. Securities and Exchange Commission ("SEC"), including the Company's Form 20-F document filed with the SEC on the same date, and subsequent filings and reports filed with the AMF or SEC, or otherwise made public, by the Company.

In addition, even if the Company's results, performance, financial condition and liquidity, and the development of the industry in which it operates are consistent with such forward-looking statements, they may not be predictive of results or developments in future periods.

These forward-looking statements speak only as of the date of publication of this document. Other than as required by applicable law, the Company does not undertake any obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise.

1. OVERVIEW OF THE GROUP AND ITS MAIN R&D PROGRAMS

1.1 Overview

GENFIT is a late-stage biopharmaceutical group ("**the Group**" or "**GENFIT**" or "**the Company**"), comprised of the parent company GENFIT SA and its two wholly owned subsidiaries (GENFIT CORP and GENFIT PHARMACEUTICALS) dedicated to improving the lives of patients with cholestatic and chronic metabolic liver diseases for which there is a significant medical need, and conducting late stage clinical trials.

Thanks to a rich history and strong scientific heritage spanning more than two decades, GENFIT became a pioneer in the field of nuclear receptor-based drug discovery. The Company is also developing a new diagnostic technologies.

We develop these therapeutic and diagnostic solutions to eventually make them available to patients. With this goal in mind, we have developed multiple technical platforms in our areas of therapeutic expertise, and set up close collaborations with academic experts and specialized companies whose expertise complements our own.

Our Research and Development ("**R&D**") is founded on several areas of excellence:

- Clinical expertise in our major therapeutic areas, with detailed knowledge of the diseases
- An in-depth scientific understanding of gene regulation and of biological mechanisms in our therapeutic areas of interest,
- A broad technological know-how to study and control biological mechanisms, with a focus on translational research between human and animal models.

In addition, we possess the necessary expertise and experience to coordinate and manage regulatory preclinical toxicology, pharmacokinetic, and ADME (Absorption, Distribution, Metabolism, and Excretion) studies as well as to manage the development and production of active pharmaceutical ingredients and drug products, throughout the entire drug development process.

Our current Chairman of the Board of Directors, Jean-François Mouney, co-founded GENFIT SA in 1999. Pascal Prigent, our current CEO, was appointed in September 2019.

We are led by an executive team and board of directors with deep experience at leading biotech companies and consulting firms, large pharmaceutical companies and academic institutions.

The chairman of our scientific advisory board, Professor Bart Staels, is a co-founder of our Company and a world-renowned expert in nuclear receptors. Our scientific advisory board is comprised of internationally recognized key opinion leaders in the field of metabolic and inflammatory diseases, with a particular focus on the liver and gastroenterology.

As of June 30, 2021, the Group has approximately 122 employees at our offices in Lille and Paris, France and Cambridge, Massachusetts, USA.

Genfit's shares are listed on the regulated market of Euronext in Paris (compartment B – ISIN: FR0004163111) and, since March 2019, as American Depositary Shares ("ADSs"), each representing one ordinary share, on the Nasdaq Global Select Market in the United States, under the common symbol "GNFT".

1.2 Main R&D Programs of the Company

1.2.1. Phase 3 clinical development program in « PBC »

We are evaluating elafibranor – our most advanced drug candidate – as a potential treatment for Primary Biliary Cholangitis ("**PBC**") in an international Phase 3 trial ("**ELATIVE™**").

PBC is an autoimmune, chronic disease resulting from progressive destruction of the small bile ducts inside the liver. When liver bile ducts are destroyed, the bile which normally would travel to the small intestines to aid in digestion and elimination of waste instead accumulates in the liver, contributing to inflammation and fibrosis. Contrary to non-alcoholic steatohepatitis ("**NASH**"), for which elafibranor has already been unsuccessfully evaluated, PBC is a metabolic disease and its progression is therefore not affected by dietary hygiene as NASH can be.

The initial symptoms of PBC are general fatigue and pruritus, which is itchy skin. Left untreated, PBC typically leads to cirrhosis, liver failure and the need for liver transplantation.

- ***Prevalence, therapeutic options and current medical needs***

PBC is a disease with a global prevalence of approximately 40 cases per 100,000. However, that prevalence is increasing; in the United States, the prevalence of PBC increased from 21.7 to 39.2 per 100,000 from 2006 through 2014.

There is currently no cure for PBC, although there are medications that work to slow its progression. For many years, *ursodiol*, a drug containing ursodeoxycholic acid, or **UDCA**, was the only drug approved by the FDA for the treatment of PBC. Although *ursodiol* is the first line treatment, up to 40% of patients do not respond or respond poorly to treatment and an additional 5-10% of patients are unable to tolerate the drug.

In 2016, the FDA approved obeticholic acid, marketed as *Ocaliva*®, for the treatment of PBC in combination with UDCA in adults with an inadequate response to UDCA, or as a single therapy in adults unable to tolerate UDCA. Concerns remain over pruritus and also serious liver injury or liver death caused by administration of *Ocaliva*®, which led the FDA to add a Boxed Warning to the *Ocaliva*® label. Moreover, Intercept Pharmaceuticals indicated that discussions took place with the FDA in early 2021, regarding the post-marketing discovery of a NISS (Newly Identified Safety Signal) for *Ocaliva*® during a routine FDA inspection regarding patients with cirrhosis.

Accordingly, we believe there is still a significant medical need for new therapies. This conclusion is in fact echoed by an IQVIA study conducted among a large number of physicians who believe that the current treatments turn out to be ineffective for a large number of PBC patients, or that they cause side effects that are too significant, or present safety risks.

- ***Elafibranor in PBC: from a successful phase 2 to the ongoing ELATIVE™ phase 3***

Positive results from our Phase 2 clinical trial of *elafibranor* in PBC, presented in April 2019 at the *International Liver Congress* 2019 organized by EASL (European Association for the Study of the Liver) and published in February 2021 in the *Journal of Hepatology* formed a strong rationale to launch the Phase 3 ELATIVE™ trial for the evaluation of *elafibranor* in this indication. *Elafibranor* met the primary endpoint of our Phase 2 clinical trial, which was the relative change from baseline at week 12 in serum alkaline phosphatase (or "**ALP**"). Compared to placebo, treatment with 80 mg and 120 mg *elafibranor* resulted in mean decrease from baseline of –52% and –44%, respectively, each with high statistical significance. With respect to the composite endpoint used for registration of *Ocaliva*®, *elafibranor* achieved significantly higher response rates as compared to the placebo.

ELATIVE™ is an international Phase 3 double-blind randomized placebo-controlled study, for which the first patient first visit occurred on September 24, 2020. The primary endpoint to evaluate the response to treatment at week 52 is the composite endpoint used for *Ocaliva*® that led to its market approval as a second line treatment in PBC. Secondary endpoints include response to treatment based on ALP normalization at week 52 and change in pruritus from baseline through week 52 on PBC Worst Itch NRS score.

With respect to the estimated clinical timelines, we expect enrolment of the phase 3 cohort to be completed during the first quarter of 2022. As a result, we would expect to announce top-line data between the end of the first quarter and the middle of the second quarter of 2023. On this basis, a new drug application (NDA) could then be filed with the FDA during the second half of 2023, subject to a successful trial outcome. Based on these projections, we are targeting a potential approval of elafibranor in PBC in the United States in the second half of 2024.

Genfit owns all development and commercialization rights for *elafibranor* in this indication, with the exception of Greater China, for which they were granted to Terns Pharmaceuticals ("**Terns**"), as part of a collaboration and licensing agreement signed in June 2019.

1.2.2. R&D efforts refocused on two specific therapeutic areas: "ACLF" and "cholestatic diseases"

During the first half of 2021, we decided to refocus our R&D efforts on two therapeutic areas with significant unmet medical needs: ACLF and cholestatic diseases. This decision was communicated in a detailed presentation to the shareholders, which is available on the Company website:
https://78449.themediaframe.com/dataconf/productusers/genfit/mediaframe/44861/indexl.html

- ***ACLF***

Acute on Chronic Liver Failure (**ACLF**), a syndrome in patients with chronic liver disease and cirrhosis characterized by acute hepatic decompensation resulting in liver failure and/or one or more extrahepatic organ failures, is associated with increased risk for short-term mortality. There are no approved drugs to treat patients and therefore a need exists for a therapy that helps them to survive without transplantation.

GENFIT has launched a clinical program with *nitazoxanide* (***NTZ***) in this disease, based on its antibiotic and anti-inflammatory activity[1]. A Phase 1 study to evaluate pharmacokinetics and pharmacodynamics of *NTZ* in patients with varying degrees of hepatic impairment is expected to start before the end of the year.

We are also initiating a number of preclinical undertakings to explore the potential of other proprietary drug candidates such as *elafibranor* and *GFT1575* in ACLF.

- ***Cholestatic diseases***

Chronic cholestatic diseases are characterized by defective bile acid transport from the liver to the intestine, which is caused by primary damage to the biliary epithelium in most cases.

GENFIT is already present in this therapeutic area with ELATIVE™, its Phase 3 clinical trial evaluating the potential of *elafibranor* in Primary Biliary Cholangitis (PBC) and the Company plans to initiate an exploratory study, complementary to the ELATIVE™ study, to evaluate the potential benefit of elafibranor in treatment naïve patients with PBC, which should start before the end of the year.

Moreover, in the fourth quarter of 2021, GENFIT also plans to launch a Phase 2 proof of concept study to evaluate *elafibranor* in Primary Sclerosing Cholangitis – another cholestatic disease – (**PSC**).

PSC is a disease characterized by an inflammatory and fibrotic affection of the intra- and/or extra-hepatic biliary tract. The evolution of the disease is characterized by a narrowing of the bile ducts (stenosis) which impedes the bile flow (cholestasis). Its evolution is variable and progressive, and prolonged cholestatis may lead to liver cirrhosis and severe complications that may require a liver transplant. PSC is also often linked to an inflammatory disease affecting the colon, such as ulcerative colitis.

Unlike PBC, PSC is more frequent in men and may also be found in children. Its prevalence is estimated between 8 and 14 cases per 100,000 individuals according to the result of two studies conducted in Norway and the United States among Caucasian subjects. As such, it is commonly considered an orphan disease three times less prevalent than PBC.

UCDA is the only therapeutic option for patients, but its relevance is subject to debate, and liver transplant is the only therapeutic option for patients in the final stage of their hepatopathy.

We estimate that these three new studies (phase 1 evaluating pharmacokinetics and pharmacodynamics of *NTZ* in patients with varying degrees of hepatic impairment, exploratory study to evaluate the potential benefit of

[1] NTZ is currently marketed and prescribed in the United States and several other countries as antiparasitic treatment, and we believe it can be repositioned for the treatment of ACLF.

elafibranor in treatment-naive patients with PBC, phase 2 proof of concept study to evaluate *elafibranor* in PSC) will allow us to obtain a series of new clinical data regarding these two compounds which we expect to announce starting from the third quarter of 2022 and up to the end of the first quarter of 2023.

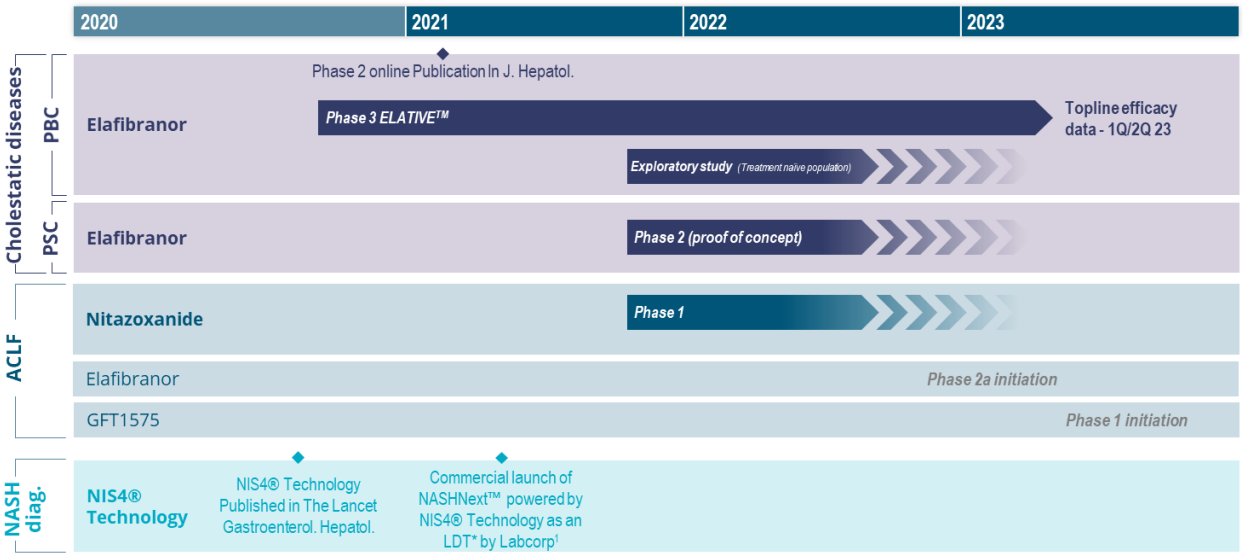
1.2.3. An innovative and tactical positioning in NASH diagnostics, ahead of the regulatory approval of the first drugs expected in several years

Building on our significant expertise in the field of NASH acquired through the historical development of *elafibranor* up until Phase 3 (RESOLVE-IT study), we have developed the NIS4® diagnostic technology. NASH is a liver disease that affects millions of people and can in the long term lead to potentially life-threatening complications like cirrhosis, hepatic impairment, liver cancer, and ultimately, may require a liver transplant. It is the second leading cause of liver transplant in the U.S. after hepatitis C, and is expected to become the leading cause in the near future. NASH represents a pressing public health challenge, even more so as, the disease is silent and largely under diagnosed due to the lack of non-invasive diagnostic tools with enough accuracy to identify patients with a significant degree of disease activity and fibrosis and who are thus most at risk for NASH progression.

Currently, liver biopsy, an invasive and costly procedure, is the standard for diagnosis. In addition to these limitations, variability in the standard of NASH clinical care and competing physician priorities all contribute to under-diagnosis of NASH. This is why we have developed NIS4®, a novel, standalone blood-based diagnostic technology based on the development of a novel algorithm that discovery of integrates a score the integrating the outputs of four NASH-associated biomarkers (alpha2-macroglobulin (A2M), miR-34a-5p, YKL-40, and HbA1c) into a single score, which can be used to inform clinical decision-making. We and our partners want patients and physicians to be able to access NIS4 technology. We believe that in doing so, we and our partners have the potential to address the urgent need for a non-invasive, cost-effective, accessible and validated test.

We entered into several license agreements with our partner Labcorp to develop and market NIS4®. In late April 2021, notably, Labcorp launched the Laboratory Developed Test (LDT) NASHnext™ powered by NIS4® technology. Its commercial launch is however still constrained by the lack of approved therapeutic options in NASH.

The following table summarizes our main program pipeline at the date of this report:



With a few exceptions, we own the rights to all of these programs worldwide. Among these exceptions are the rights subject to a licensing agreement with our partners Labcorp – for NIS4® in the diagnostic of NASH – and Terns, for *elafibranor* in Greater China.

1.3 Important notice on the evolving situation related to COVID-19 and its potential impact on our main R&D programs

The unprecedented spread of COVID-19 – characterized as a pandemic by the World Health Organization on March 11, 2020 – is impacting the global health and business ecosystem, Genfit included. During this evolving crisis, our priorities continue to be to ensure the safety and well-being of our employees, of the patients and healthcare professionals involved in our clinical trials, as well as the integrity of our ongoing clinical trials.

We remain committed to ensuring business continuity and have been monitoring the situation closely.

In light of our priorities and in accordance with the recently issued guidance documents of the FDA and the EMA, we have worked with our contract research organizations, trial sites and investigators to critically reassess all our existing programs.

At the date of this report, even though measures adapted to the situation have allowed us to initiate the Phase 3 ELATIVE clinical trial in the fall of 2020, this public health situation has led us to regularly revise the estimated duration of patient enrolment.

With regards to the deployment of a diagnostics test powered by NIS4® technology, the public health situation has impacted its use by Labcorp in clinical trials and also impacted the timing of Labcorp's commercial launch of NASHnext® - the LDT powered by NIS4 technology - in the clinical care space in the United States. The public health situation may therefore potentially impact net sales of NASHnext® and, indirectly, the Group's licensing income in 2021.

More generally, we have observed that the COVID-19 pandemic has diverted our partners' resources towards the prevention, diagnosis and treatment of COVID-19 patients, to the detriment of other activities our programs.

Information provided in this report remains therefore subject to further updates which, by nature, cannot be anticipated with precision. Regarding these matters, we also invite you to review section 2.2.8 "Risks related to the COVID-19 pandemic" in our Universal Registration Document and Item 3.D "Risk Factors" in our 2020 Annual Report on Form 20-F.

2. KEY EVENTS OF THE FIRST HALF OF 2021 AND MAIN EVENTS AFTER THE REPORTING PERIOD

2.1 Progress of the main R&D programs of the Company

- ***Phase 3 development program of elafibranor in PBC***

Despite the COVID-19 pandemic and the delays it has created for the completion of clinical trials (see section 1.3 above), enrolment of patients in the ELATIVE™ trial has progressed throughout the first half of 2021, to the extent that at the date of this report, we estimate that enrolment should be completed in the first quarter of 2022.

In February, the Company announced that the positive results from the Phase 2 clinical trial evaluating elafibranor in patients with PBC with incomplete response to UCDA had been published in the *Journal of Hepatology*. These

data show a clinically relevant improvement on the primary and composite biochemical endpoints, a positive trend on pruritus improvement, while maintaining a favorable tolerability profile.

During a KOL Analyst Event organized in the same month, the Company released the results of three comprehensive market research studies commissioned to IQVIA, a recognized leader in research and consulting services for the pharmaceutical industry, evaluating the potential market opportunity, should it be granted regulatory approval, of elafibranor as a second line treatment in PBC. The presentation as well as all references are available on the Company website (https://ir.genfit.com/static-files/e7bac28d-a740-440c-a4dc-9abac6f118ac). According to these studies, *elafibranor*, if approved, could achieve $515 million in peak year revenue, as second line treatment for patients with PBC that cannot benefit from the UCDA first line therapy.

- ***R&D efforts rationalized and refocused on high-potential programs***

In May 2021, the Company announced the new strategic focus of its R&D programs portfolio, refocused on two therapeutic areas with significant unmet medical needs: ACLF on the one hand, and cholestatic diseases on the other. This decision follows an intent to maximize the probability of success in therapeutic areas that represent significant costs for healthcare systems and are linked to considerable unmet needs for patients.

In ACLF, GENFIT works with two classes of compounds, *NTZ* , on the one hand, an antiparasitic drug which we are considering repositioning, and proprietary compounds within the PPARs agonist therapeutic class on the other hand. Anti-infectious effects of *NTZ* were already known but GENFIT research teams have also shown anti-inflammatory effects, which allow a reduction in systemic inflammation and improve survival in animal models of endotoxemia or sepsis. Moreover, hepatoprotective effects have been discovered in vitro and confirmed in vivo in ACLF reference models, in which *NTZ* has not only improved liver function but also kidney function; therefore reducing the risk of multiple organ failure, characteristic of ACLF. Besides, recent literature data has shown a tight link between immune response and metabolic regulation, notably in the physiopathology of ACLF. Thus, an immunometabolic approach with PPARs agonists such as *elafibranor* and *GFT1575* might reduce systemic inflammation and prevent multiple organ failure. Studies are ongoing to evaluate their benefits in this indication.

GENFIT's decision to evaluate *elafibranor* in PSC is based on preclinical and clinical data linking PPARs agonist activity and an anti-cholestatic and anti-inflammatory activity, as well as on the positive results in the Phase 2 study with *elafibranor* in PBC, and in particular the effects observed on multiple markers associated with cholestatic diseases, such as ALP and other markers of inflammation (see above).

More details on this new strategic positioning of our R&D can be found in the detailed presentation given to our shareholders at that time and available on the Company website:
https://78449.themediaframe.com/dataconf/productusers/genfit/mediaframe/44861/indexl.html

- ***NIS4® Diagnostic Program in NASH***

In May, following the licensing agreement signed with Labcorp in September 2020, the Company announced the launch of NASHnext®, a novel, noninvasive diagnostic test powered by GENFIT's NIS4® technology for the identification of NASH patients with significant fibrosis – also known as "at-risk" NASH. The test, offered exclusively from that date in the U.S. and Canada, aims to identify at-risk NASH in patients with at least one metabolic risk factor. The clinical pertinence as well as the market potential for this test have been confirmed through its use in clinical trials and the new data presented in the first half of 2021 (see below). Nonetheless, the covid-19 pandemic, the lack of approved therapeutic options in NASH and the lack of reimbursement for NASHnext™ – at least presently – explain that its commercial launch remains modest at the time of this report.

In June, the Company presented new NIS4® data at the International Liver Congress™ organized by the European Association for the Study of the Liver (EASL), and the 81st Scientific Sessions of the American Diabetes Association (ADA). The data highlights the clinical performance of NIS4® technology in diagnosing at-risk NASH in patients with type 2 diabetes compared to other non-invasive tests. It shows the potential of NIS4® technology to be a valuable clinical tool either alone or in sequential combination with other blood-based non-invasive tests in identifying at-risk NASH in patients with and without type 2 diabetes.

2.2 Main financial events

- ***Partial buyback and amendment of terms of the €180 million OCEANEs issued by the Company in October 2017***

In January, the Company announced the success of offer announced in November 2020 for a partial buyback and amendment of the terms of the 6,081,081 convertible bonds (the "OCEANEs") with a maturity date in October 2022 that it had issued for €180 million nominal value in October 2017.

This renegotiation offer involved two interdependent components: a partial buyback of the outstanding OCEANEs for a maximum amount of 3,048,780 OCEANEs at €16.40 per bond; and an amendment of the terms of the remaining OCEANEs to extend their maturity by 3 years in exchange for an increase the conversion ratio to 5.5 ordinary shares per bond.

The goals of this renegotiation offer of the Company's bond debt were to reinforce its ability to finance operations, to reduce the outstanding debt amount and to extend its maturity to 2025.

With the approval by the Shareholders and Bondholders Meetings at a sweeping majority, the Company completed the partial buyback of 2,895,260 OCEANEs at a price of €16.40 per OCEANE, i.e. a total aggregated buyback amount of approximately €47.5 million, and canceled the repurchased OCEANEs thus canceling the bond debt for an amount of approximately €85.7 million. The maturity of the remaining 3,185,821 OCEANEs was extended until October 16, 2025 and the conversion ratio was increased from one OCEANE for one share to one OCEANE for 5.5 shares.

- ***Capital increases resulting from the requests for share conversion of the renegotiated OCEANEs***

Following the partial buyback operation and the amendment of the terms of the OCEANEs mentioned above:

- 552,238 of the renegotiated OCEANEs were subject to a request for share conversion at the end of January 2021. As a result, a capital increase of €759,327.25 has been recognized, corresponding to the creation of 3,037,309 new shares;

- 483,330 of the renegotiated OCEANEs were subject to a request for share conversion during the month of February 2021. As a result, a capital increase of €664,578.75 has been recognized, corresponding to the creation of 2,658,315 new shares;

- 216,591 of the renegotiated OCEANEs were subject to a request for share conversion during the month of March 2021. As a result, a capital increase of €297,812.75 has been recognized, corresponding to the creation of 1,191,250 new shares.

As such, at June 30, 2021, the share capital of the Company amounted to €11,443,812.50 represented by 45,775,250 fully paid-up shares. The OCEANEs conversions that occurred between January and March 2021

resulted in a reduction of the Company's bond debt of an additional nominal amount of €37.1 million, bringing it to a nominal residual debt of about €57.2 million at June 30, 2021.

After the closing of the half-year period, 10,000 new OCEANEs were subject to a request for share conversion during the month of August 2021. As a result, a capital increase of €13,750 has been recognized, corresponding to the creation of 55,000 new shares. At the date of this report, the share capital of the Company is therefore €11,457,562.50 represented by 45,830,250 ordinary shares. 1,923,662 OCEANEs remain outstanding and the residual bond debt amounts to approximately €56.9 million at the date of this report, or less than a third of the initial nominal debt amount of €180 million.

- ***Securing of additional financing, non-dilutive for shareholders***

In June, the Company announced that it has secured an €11 million loan. The loan, granted in the context of the COVID-19 pandemic by a syndicate of French banks (BNP Paribas, Natixis, CIC Nord Ouest et Crédit du Nord), is 90% guaranteed by the French government.

In July, the Company secured an additional €2 million loan. The loan, granted in the same context by the investment bank BPI France, is also 90% guaranteed by the French government.

Both of these loans have an initial term of one year with repayment options up to six years.

2.3 Main events related to Corporate Governance

At the Company's Annual Shareholders' Meeting in late June, during which the new strategic orientations and perspectives of the Company were presented, all of the resolutions supported by the Board of Directors were adopted by a wide majority of the votes cast; this includes financial authorizations that should allow the Company to have diverse means adaptable to market conditions to implement them and seize these new opportunities.

In additional, in the first half 2021, several changes occurred in the composition of the Company's governance bodies.

In March 2021, the Company's Board of Directors appointed Mr. Jean-François Tiné to replace Mr. Philippe Moons who resigned from his position as member of the Board. As the Annual Shareholders' Meeting approved this appointment, GENFIT's Board of Directors and its specialized committees are henceforth composed as follows at the date of the present report:

- ***Composition of the Board of Directors:***
  - Mr. Jean-François Mouney (Chairman of the Board of Directors),
  - Mr. Xavier Guille des Buttes (Vice-Chairman of the Board of Directors),
  - Ms. Florence Séjourné, representing the Biotech Avenir company
  - Mr. Eric Baclet,
  - Mr. Frédéric Desdouits,
  - Ms. Katherine Kalin,
  - Ms. Catherine Larue,
  - Ms. Anne-Hélène Monsellato,
  - Mr. Jean-François Tiné.

- ***Composition of the Audit Committee:***
  - Ms. Anne-Hélène Monsellato (President of the Committee),

- Mr. Eric Baclet,
- Mr. Xavier Guille des Buttes.

○ ***Composition of the Nomination and Compensation Committee:***
- Mr. Xavier Guille des Buttes (President of the Committee),
- Mr. Eric Baclet,
- Ms. Catherine Larue,
- Mr. Jean-François Mouney.

○ ***Composition of the Alliances Committee:***
- Mr. Jean-François Mouney (President of the Committee),
- Mr. Frédéric Desdouits,
- Mr. Xavier Guille des Buttes
- Ms. Katherine Kalin,
- Mr. Jean-François Tiné.

Several changes also took place regarding the composition of the Executive Committee, henceforth composed as follows at the date of the present report:

- Mr. Pascal Prigent, Chief Executive Officer (Chairman of the Committee),
- Ms. Carol Addy, MD, Chief Medical Officer,
- Mr. Thomas Baetz, Chief Financial Officer,
- Mr. Pascal Caisey, Chief Commercial Officer,
- Mr. Dean Hum, Chief Operating Officer, Chief Scientific Officer,
- Mr. Laurent Lannoo, Corporate Secretary, Director of Legal Affairs,
- Ms. Stefanie Magner, Chief Compliance Officer, Vice-President International Legal Affairs,
- Mr. Jean-Christophe Marcoux, Chief Strategy Officer,
- Mr. Philippe Motté, Chief Regulatory and Quality Officer.

3. STRATEGY AND OUTLOOK

At the date of this report, our main strategic objectives and the Group's outlook may be summarized as follows:

○ **Development of *elafibranor* in PBC:** Pending a positive clinical outcome in our Phase 3 ELATIVE™ trial that would allow a submission for regulatory approval, make *elafibranor* the **first second-line treatment** currently in development to obtain **market approval** – likely during the second half of 2024 – noting that the only second-line treatment currently approved and marketed (und the name *ocaliva*®) still leaves considerable unmet medical needs.

○ **"Cholestatic diseases" franchise:** Increase our presence in the field of cholestatic diseases beyond PBC. Several objectives are being pursued at this time:

- Evaluation of the potential of *elafibranor* in **PSC**: PSC is one of the cholestatic diseases without any approved treatment for patients. It represents a potential market estimated at a third of that of PBC (i.e. approximately $700 million annually[2]);
- Exploration of supplemental research approaches in **PBC**, with *elafibranor* or other compounds, on new study criteria or criteria similar to ELATIVE™;
- Exploration of internal and external opportunities represented by **other molecules** that may be of interest in **PBC**, **PSC**, or other **pediatric cholestatic diseases** without approved treatment(s).

○ **"ACLF" franchise:** Develop the franchise in ACLF following the direction presented in May, evaluating the potential of ***NTZ***, ***elafibranor*** and ***GFT1575*** candidates as therapeutic solutions that may contribute to the treatment of this syndrome presenting a high fatality rate. The goal is to develop one or more drug candidates able to prevent the need for a liver transplant, currently the only possible option due to the lack of approved treatment, and restricted to eligible patients. The potential market is estimated at approximately $4 billion in the United States and approximately $2 billion in Europe[3]. Our goal is to obtain initial clinical data around the end of 2022 with the *NTZ* compound.

○ **NASH Diagnostics**: Contribute to the increased use and adoption of our NIS4® technology. The aim is eventually to develop a diagnostic test able to receive regulatory approval as a medical device (notably as an IVD in the United States) at the time when the first drugs for the treatment of NASH are approved and marketed**.**

○ **Cash Management**: With €104 million in cash and cash equivalents at June 30, 2021, and taking into account payments made at the date of this report, we estimate that the cost reduction program initiated during the summer 2020 will allow us, as announced in September 2020, to limit our cash burn to an aggregate €120 million for both periods 2021 and 2022, (not including the partial OCEANEs buyback completed in January 2021). The distribution between 2021 and 2022 should be modified as a result of new non-dilutive financing (state-guaranteed loan, or *PGE*) secured in 2021, the new orientations of our R&D programs communicated last May, the deferment of some payments from 2021 to 2022, notably related to the closure of the RESOLVE-IT trial and the anticipation of regulatory fees to prepare the submission of *elafibranor* in PBC to the regulatory authorities.

[2] All references and sources are available in the webcast published online in May 2021 (https://78449.themediaframe.com/dataconf/productusers/genfit/mediaframe/44877/indexl.html) as well as on the investor presentation published on the home page www.genfit.com.

4. OPERATING AND FINANCIAL REVIEW

4.1 Comments on the condensed statement of net income for the periods ended June 30, 2020 and June 30, 2021

(i) Revenue and other income

The Company's revenue and other income results primarily from the research tax credit:

Revenue and other income	For the six-month period ended	
(in € thousands)	June 30, 2020	June 30, 2021
Revenues	122	11
Government grants and subsidies	3	(0)
CIR tax credit	5 224	3 244
Other operating income	519	174
TOTAL	**5 867**	**3 428**

Revenue and other income was €3,428 thousand at June 30, 2021 compared with € 5,867 thousand at June 30, 2020. The change in revenue results mainly from a decrease from one half-year to another of the estimated amount of the research tax credit, proportional to the amount of eligible R&D expenses.

(ii) Operating expenses by destination

The tables below break down operating expenses by destination mainly into research and development expenses, general and administrative expense, markets and market access expenses and reorganization and restructuring expenses for the half years ended June 30, 2021 and 2020.

		Of which:					
Operating expenses and other operating income (expenses) (in € thousands)	For the six-month period ended June 30, 2020	Raw materials and consumables used	Contracted research and development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes…)	Depreciation, amortization and impairment charges	Gain / (loss) on disposal of property, plant and equipment
Research and development expenses	(36 867)	(1 197)	(24 337)	(6 591)	(3 287)	(1 455)	—
General and administrative expenses	(8 251)	(133)	(41)	(3 845)	(3 963)	(269)	—

Marketing and market access expenses	(9 490)	(4)	(1)	(744)	(8 697)	(44)	—
Reorganization and restructuring expenses	—	—	—	—	—	—	—
Other operating income and (expenses)	(423)	—	—	—	(425)	—	2
TOTAL	**(55 031)**	**(1 333)**	**(24 379)**	**(11 180)**	**(16 372)**	**(1 769)**	**2**

		Of which:					
Operating expenses and other operating income (expenses) (in € thousands)	**For the six-month period ended June 30, 2021**	**Raw materials and consumables used**	**Contracted research and development activities conducted by third parties**	**Employee expenses**	**Other expenses (maintenance, fees, travel, taxes…)**	**Depreciation, amortization and impairment charges**	**Gain / (loss) on disposal of property, plant and equipment**
Research and development expenses	(23 079)	(642)	(15 029)	(4 842)	(2 334)	(225)	(6)
General and administrative expenses	(7 632)	(73)	(48)	(3 336)	(4 123)	(51)	—
Marketing and market access expenses	(783)	(2)	(1)	(465)	(316)	0	—
Reorganization and restructuring expenses	(1 786)	(3)	—	—	(1 942)	158	—
Other operating income (expenses)	301	—	—	—	637	—	(336)
TOTAL	**(32 979)**	**(721)**	**(15 078)**	**(8 643)**	**(8 078)**	**(117)**	**(343)**

Operating expenses in the first half 2021 amounted to €32,979 thousand compared to €55,031 in first half 2020.

They include, in particular:

- **research and development expenses**, which mainly include employee-related expenses for employees in research and development functions (€4,842 thousand at June 30, 2021 compared to €6,591 thousand at June 30, 2020), the cost of consumables and contracted research and

development activities (particularly clinical and pharmaceutical expenses) (representing €15,671 thousand at June 30, 2021 compared to €25,534 thousand at June 30, 2020) and expenses related to intellectual property. These research and development expenses amounted to €23,079 thousand at June 30, 2021 compared to €36,867 thousand at June 30, 2020, or 70% and 67% of operating expenses, respectively.

The decrease in contracted research and development expenses is mainly due to the termination of RESOLVE-IT study from July 2020 ; the study was still active in the first half of 2020.

Changes in employee-related expenses for employees in research and development functions reflects a decrease in headcount (from 128 at June 30 ,2020 to 74 at June 30, 2021).

- **general and administrative expenses**, which include the costs of personnel not assigned to research (€3,336 thousand at June 30, 2021 compared to €3,845 thousand at June 30, 2020), and administrative costs. These general and administrative expenses amounted to €7,632 thousand in the first half 2021 compared to €8,251 thousand in the first half 2020, or 23% and 15% of operating expenses, respectively.

  Changes in general and administrative expenses are mainly related to the increased cost of insurance premiums in the first half 2021 related to the Company's listing on the Nasdaq.

  Changes in employee-related expenses paid to employees in general and administrative functions was primarily the result of a decrease in headcount (from 68 at June 30, 2020 to 44 at June 30, 2021).

- **marketing and pre-marketing expenses**, which include the costs of personnel assigned to marketing and business development (€465 thousand in the first half 2021 compared to €744 thousand in the first half 2020), and costs related to the preparation of the commercialization of elafibranor and NIS4® in NASH (market research, marketing strategy, medical communication, market access…) (€316 thousand in the first half 2021 compared to €8,697 thousand in the first half 2020).

  Marketing and pre-commercialization expenses decreased significantly starting in the second half 2020 due to the discontinuation of the pre-commercialization work for elafibranor in NASH following the termination of this program in July 2020.

- **reorganization and restructuring expenses,** which mainly include the expenses for the renegotiation of the OCEANEs convertible bonds (representing an expense of €1,939 thousand in the first half 2021) and adjustments to provisions for employee expenses under the Workforce Reduction Plan begun in 2020 and the termination of the RESOLVE-IT study (reversal of provisions of €158 thousand in the first half 2021). By comparison, these expenses did not exist in the first half 2020.

(iii) Operating expenses by type

Broken down by type instead of by destination, operating expenses mainly included the following:

Contracted research and development activities

Contracted research and development expenses amounted to €15,078 thousand in the first half 2021 compared to €24,379 thousand in the first half 2020, corresponding to a 38% decrease, which is mainly due to the termination of the RESOLVE-IT study.

Employee expenses

Employee expenses	For the six-month period ended	
(in € thousands)	**June 30, 2020**	**June 30, 2021**
Wages and salaries	(7 811)	(5 734)
Social security costs	(2 769)	(2 729)
Changes in pension provision	(87)	37
Share-based compensation	(513)	(217)
TOTAL	**(11 180)**	**(8 643)**

Employee expenses excluding share-based compensation amounted to €8,426 thousand in the first half 2021 compared to €10,667 thousand in the first half 2020, or a 22% decrease, due to a decrease in headcount (from 203 at June 30, 2020 to 122 at June 30, 2021).

The amount recognized as share-based compensation (BSA, BSAAR, SO and AGA) without having any impact on cash and cash equivalents amounted to €217 thousand in the first half 2021 compared to €513 thousand in the first half 2020. The expenses recorded in the first half of 2021 relate to the BSA, SO and AGA plans implemented between 2016 and 2021.

Other expenses

Other expenses amount to €8,078 thousand in the first half 2021 compared to €16,372 thousand in the first half 2020. They include, in particular:

- "fees," which mainly include legal, audit, and accounting, the fees of various advisors (press relations, investor relations, communication, IT), as well as the fees of certain scientific advisers. This amount also includes intellectual property expenditures corresponding to fees incurred by the Company in connection with the registration and protection of its patents;
- insurance premiums specific to the listing of the Company's shares on Nasdaq: a recurring Directors & Officers civil liability insurance policy;
- expenses related to the pre-marketing of elafibranor and NIS4 in NASH (market research, marketing strategy, medical communication, market access…);
- expenses related to the use and maintenance of Group offices;
- expenses related to external service providers (security, reception, clinical trial management and IT); and
- expenses related to business travel and conferences mainly for employees as well as the costs of participation in scientific, medical and financial conferences.

These changes are mainly related to a decrease in expenses following a cost savings plan implemented in the summer 2020.

(iv) Financial income (expense)

Financial income as of June 30, 2021 amounted to a gain of €35,714 thousand compared to financial expense of €4,007 thousand in the previous half year.

This change is mainly due to the buyback bonus obtained as part of the renegotiation of OCEANEs (€35,578 thousand), unrealized and realized foreign exchange gains in the amount of € 5,019 thousand in the first half of 2021 (compared to € 938 thousand in the first half of 2020), partially offset by foreign exchange losses of € 2,291 thousand in the first half of 2021 (compared to € 246 thousand in the first half of 2020) and by interest expenses (€2,758 thousand in the first half of 2021 compared to € 5,777 thousand in the first half of 2020), the decrease of which is related to a decrease in the bond debt following the partial repurchase and the conversions of OCEANEs carried out during the first semester of 2021.

(v) Net income (loss)

The first half 2021 resulted in net income of €9,058 compared to a net loss of €53,011 thousand compared in the first half 2020. The net loss for the 2020 fiscal year amounted to €101,221 thousand.

4.2 Comments on the Group's Statement of Financial Position at June 30, 2021

At June 30, 2021 the total amount of the Group's Statement of Financial Position amounted to €133,712 thousand compared to €198,614 thousand as of December 31, 2020.

At June 30, 2021, the Group's cash, cash equivalents and other financial assets amounted to €105,777 thousand, compared to €172,486 thousand as of December 31, 2020.

(i) Non-current assets

Non-current assets, which include trade and other receivables, goodwill and intangible, tangible, and financial assets, decreased and amount to €12,429 thousand as of June 30, 2021 compared with €13,897 thousand at December 31, 2020.

(ii) Current assets

Current assets amounted to €121,283 thousand at June 30, 2021 compared to €184,717 thousand as of December 31, 2020.

Cash and cash equivalents went from €171,029 thousand at December 31, 2020 to €104,379 thousand at June 30, 2021, or a decrease of 39%. Cash is mainly placed in low risk, highly-liquid short term investments.

The variation of trade and other receivables is mainly due to the recognition of the estimated amount of the Research Tax Credit receivable for the first half 2021 and the repayment of the Research Tax Credit for 2020 during the first half 2021. Additional details regarding these receivables are provided in note 6.9 to the 2021 half year condensed consolidated financial statements.

The variation of other receivables corresponds to the increase in expenses recognized in advance related to current operating expenses, and in particular, the Directors & Officers civil liability insurance.

(iii) Shareholders' equity

As of June 30, 2021, the Group's shareholders' equity totaled €32,566 thousand compared to €16,162 thousand as of December 31, 2020.

The change in the Company's shareholders equity is mainly due to the recognition of income resulting from the bonus corresponding to the partial buyback of OCEANEs as well as capital increases following conversions of OCEANEs in the first half of 2021.

The Notes to the 2021 half year condensed consolidated financial statements summarized hereafter, as well as the Table of Changes in Shareholders' Equity established under IFRS provide details on the change in the Company's share capital and the Group's shareholders' equity, respectively.

(iv) Non-current liability

This mainly concerns:

- The convertible bond (OCEANE) renegotiated in January 2021 and due October 2025;

As well as the part of contractual obligations of the following liabilities reaching maturity in more than one year:

- A conditional advance granted to GENFIT SA by Bpifrance for the purpose of financing the research programs detailed in Note 12.2.1 "Refundable and Conditional Advances" of the notes to the 2021 half year condensed consolidated financial statements included herein; and
- bank loan, include the State-guaranteed Loan taken out in June 2021; and
- and the debt related to operating leases pursuant to IFRS 16, as of January 1, 2019.

(v) Current liabilities

Liabilities - Current	**As of**	
(in € thousands)	**December 31, 2020**	**June 30, 2021**
Current convertible loans	1 312	417
Current other loans and borrowings	3 035	2 457
Current trade and other payables	25 564	27 231
Current deferred income and revenue	124	122
Current provisions	1 031	736
TOTAL	**31 067**	**30 964**

This balance sheet item mainly includes interest payments on the OCEANE due October 2025, bank loans and trade and social security payables and debts under operating leases. Changes in current liabilities are mainly due to changes in contracted research and development activities expenses.

See also notes 6.12 and 6.13 to the 2021 half year condensed consolidated financial statements below.

5. MAIN INTRAGROUP TRANSACTIONS

Effective as of January 1, 2021, GENFIT CORP and GENFIT SA renewed their intragroup services agreement through which GENFIT CORP provides certain services to GENFIT SA, particularly services associated with the clinical trials monitoring, investor relations in the United States, and business development. This agreement provides for the cost of said services to be equal to the fees and expenses incurred by GENFIT CORP while performing the services described in the agreement, plus 9%. "Structural" costs are billed at cost. In the first half 2021, GENFIT CORP billed USD $3,113 thousand (USD $4,915 thousand in the first half 2020) to GENFIT SA.

In addition, GENFIT and GENFIT CORP renewed their cash management agreement effective as of January 1, 2021. The purpose of this agreement will be to ensure GENFIT SA's continued financing of its American subsidiary's operations via interest-bearing cash advances. This agreement is in place pursuant to the terms of Article L.511-7-3° of the French Monetary and Financial Code.

6. MAIN TRANSACTIONS WITH RELATED PARTIES

This information is available in the Note 6.25 “Related Parties” to the consolidated 2021 half year condensed consolidated financial statements hereafter.

7. SHARE CAPITAL

Changes in the Company's share capital since 2006 until June 30, 2021 are shown in the table below:

Changes in issued capital & premium	**Share capital**					
	Number of shares	**Face value**	**Share capital**	**Share premium**	**Merger premium**	**Premium**
At 31 December 2005	150 001	16,00	2 400 016	—	—	—
06/27/2006 - Division of shares' par value	9 600 064	0,25	2 400 016	609 796	—	609 796
10/18/2006 - Private placement	11 270 626	0,25	2 817 657	14 323 832	—	14 323 832
11/21/2006 - Absorption of IT.OMICS	11 270 626	0,25	2 817 657	14 323 832	37 833	14 361 665
02/16/2010 - Private placement	11 662 166	0,25	2 915 542	16 240 395	37 833	16 278 228
07/15/2011 & 07/19/2011 - Private placement	13 340 295	0,25	3 335 074	20 864 969	37 833	20 902 802
10/04/2011 - Reserved share capital increase	13 424 328	0,25	3 356 082	20 968 324	37 833	21 006 157
10/28/2011 - Reserved share capital increase	13 580 578	0,25	3 395 145	21 427 072	37 833	21 464 905
10/28/2011 - Share capital increase - offset against receivables (BSA 2011)	13 630 578	0,25	3 407 645	21 406 881	37 833	21 444 714
02/22/2012 - Reserved share capital increase - exercise of BSA (2011)	13 726 762	0,25	3 431 691	21 606 965	37 833	21 644 798

From 03/07/2012 to 07/03/2012 - Reserved share capital increase	15 085 665	0,25	3 771 416	23 707 055	37 833	23 744 888
08/01/2012 - Share capital increase - offset against receivables (OCA 2012)	15 148 321	0,25	3 787 080	23 690 141	37 833	23 727 974
From 09/05/2012 to 10/14/2012 - Conversion of bonds (OCA 2012)	15 969 232	0,25	3 992 308	25 437 239	37 833	25 475 072
From 12/21/2012 to 03/08/2013 - Share capital increase - offset against receivables (OCA 2012-2)	16 029 806	0,25	4 007 452	25 415 946	37 833	25 453 779
From 12/27/2012 to 04/11/2013 - Conversion of bonds (OCA 2012-2)	17 387 536	0,25	4 346 884	30 687 145	37 833	30 724 978
04/17/2013 - Private placement	20 316 984	0,25	5 079 246	43 389 868	37 833	43 427 701
04/19/2013 & 05/02/2013 - Share capital increase - offset against receivables (OCA 2012-2)	20 334 759	0,25	5 083 690	43 382 924	37 833	43 420 757
From 04/24/2013 to 08/02/2013 - Conversion of bonds (OCA 2012-2)	20 541 821	0,25	5 135 455	44 270 698	37 833	44 308 531
02/03/2014 - Share capital increase - maintenance of preferential subscription rights	21 257 671	0,25	5 314 418	48 839 327	37 833	48 877 160
06/20/2014 - Private placement	23 374 238	0,25	5 843 560	95 698 624	37 833	95 736 457
12/17/2014 - Private placement	23 957 671	0,25	5 989 418	115 718 226	37 833	115 756 059
10/29/2015 & 11/04/2015 - Share capital increase by exercise of BSAAR	23 958 904	0,25	5 989 726	115 720 750	37 833	115 758 583
02/29/2016 - Private placement	26 354 794	0,25	6 588 699	163 099 866	37 833	163 137 699
10/12/2016 - Private placement	28 049 794	0,25	7 012 449	193 895 034	37 833	193 932 867
11/02/2016 - Private placement	31 166 437	0,25	7 791 609	234 926 121	37 833	234 963 954
12/15/2018 - Share capital increase by alloting AGA	31 183 921	0,25	7 795 980	234 926 121	37 833	234 963 954
03/29/2019 - Share capital increase	38 831 421	0,25	9 707 855	358 291 502	37 833	358 329 335
12/15/2019 - Share capital increase by alloting AGA	38 839 217	0,25	9 709 804	358 291 502	37 833	358 329 335
12/31/2019 - Share capital increase by alloting AGA	38 858 617	0,25	9 714 654	358 291 502	37 833	358 329 335
12/31/2020 - Share capital increase by alloting AGA	38 888 379	0,25	9 722 095	358 291 502	37 833	358 329 335
02/04/2021 - Share capital increase by converting bonds	41 925 688	0,25	10 481 422	358 291 502	37 833	358 329 335
03/02/2021 - Share capital increase by converting bonds	44 584 000	0,25	11 146 000	358 291 502	37 833	358 329 335
04/06/2021 - Share capital increase by converting bonds	45 775 250	0,25	11 443 813	358 291 502	37 833	358 329 335

Our ordinary shares are listed on the regulated market of Euronext in Paris (compartment B) under the symbol "GNFT" and, our ADSs, on the Nasdaq Global Select Market in New York, under the symbol "GNFT".

8. MAIN RISKS AND UNCERTAINTIES

We encourage investors to take into consideration all of the information presented in our 2020 Annual Report on Form 20-F ("Form 20-F") and in this Half-Year Business and Financial Report before deciding to invest in Company shares. This includes, in particular, the risk factors described in Item 3.D. "Risk Factors" of the Form 20-F (and the contents of this section), of which the realization may have (or has had in some cases) material adverse effect on the Group and its activity, financial situation, results, development or perspectives, and which are of importance in the investment decision-making process.

With the exception of the risk factor "*A dispute concerning the infringement or misappropriation of our proprietary rights or the proprietary rights of others could be time-consuming and costly, and an unfavorable outcome could harm our business",* which is updated and replaced as below, our review of our risk factors has not prompted any modifications in the nature, quantity or categories of risk factors, nor in their ranking in terms of probability of occurrence or impact, in comparison with what was presented in Item 3.D "Risk Factors" of the Form-20-F. The risks faced by the Company and described in the Form 20-F remain essentially the same.

A dispute concerning the infringement or misappropriation of our proprietary rights or the proprietary rights of others could be time-consuming and costly, and an unfavorable outcome could harm our business.

There is significant litigation in the biopharmaceutical industry regarding patent and other intellectual property rights. We may be exposed to future litigation by third parties based on claims that our product candidates, technologies or activities infringe the intellectual property rights of others. If our development activities are found to infringe any such patents, we may have to pay significant damages or seek licenses to such patents. A patentee could prevent us from using the patented drugs or compositions. We may need to resort to litigation to enforce a patent issued to us, to protect our trade secrets, or to determine the scope and validity of third-party proprietary rights. For example, in 2020 we received an anonymous whistleblower allegation that CymaBay Therapeutics, Inc. ("CymaBay") had improperly acquired and disclosed the protocol synopsis ("Protocol") for our Phase 3 ELATIVE™ clinical trial of elafibranor in PBC. We subsequently filed a Complaint on January 15, 2021 against CymaBay in the U.S. District Court for the Northern District of California alleging that CymaBay, among other things, violated the U.S. federal Defend Trade Secrets Act and the California Uniform Trade Secrets Act when it misappropriated the Protocol. On the same day that we filed the Complaint, we sought a temporary restraining order ("TRO") against CymaBay, and on March 12, 2021 the Court granted the TRO (which has since been converted into a preliminary injunction). On April 16, 2021, we filed an Amended Complaint with additional allegations against CymaBay and on June 4, 2021, CymaBay filed a Motion to Dismiss the Amended Complaint. On September 9, 2021, the Court declined to dismiss the trade secret claims that are based on the Protocol as a whole and dismissed certain other claims without prejudice, granting us leave to file a Second Amended Complaint by October 15, 2021, which we intend to pursue.

While the ultimate outcome of the litigation remains uncertain, the Court found, in relevant part, in the TRO, that we are likely to succeed on the merits of our trade secret claims.

From time to time, we may hire scientific personnel or consultants formerly employed by other companies involved in one or more areas similar to the activities conducted by us. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us,

and no such claims against us are currently pending, we may be subject to claims that we or our employees, consultants or independent contractors have used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third parties. Either we or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of prior affiliations.

If we become involved in litigation, it could consume a substantial portion of our managerial and financial resources, regardless of whether we win or lose. We may not be able to afford the costs of litigation. Any adverse ruling or perception of an adverse ruling in defending ourselves against these claims could have a negative impact on our cash position. Any legal action against us or our collaborators could lead to:

- payment of damages, potentially treble damages, if we are found to have willfully infringed a party's patent rights;
- injunctive or other equitable relief that may effectively block our ability to further develop, commercialize, and sell products; or
- us having to enter into license arrangements that may not be available on commercially acceptable terms, if at all.

Any of these outcomes could hurt our cash position and financial condition and our ability to develop and commercialize our product candidates.

9. LEGAL AND ARBITRATION PROCEEDINGS

On May 14, 2020, following our announcement that elafibranor had not achieved the primary or key secondary endpoints of the RESOLVE-IT trial, a purported shareholder class action complaint, captioned Schwartz v. Genfit S.A. et al., was filed in state court in the Commonwealth of Massachusetts, naming us, certain members of our board of directors, and certain members of our senior management as defendants. The complaint alleged that we made materially misleading statements about the development of elafibranor in connection with our U.S. initial public offering in violation of U.S. federal securities laws. The complaint sought unspecified compensatory damages. In October 2020, the plaintiff voluntarily withdrew its action filed in state court in the Commonwealth of Massachusetts.

In December 2020, the same plaintiff filed a purported shareholder class action complaint in state court in the State of New York, alleging claims substantially similar to those in the previous complaint against the same defendants, as well as the underwriters of our U.S. initial public offering. In March 2021, we and the other defendants filed a motion to dismiss the claims before the state court in the State of New York. In August 2021, the court granted the motion and dismissed the complaint with prejudice. In September 2021, the plaintiff filed a notice of appeal to the Supreme Court, Appellate Division, First Department, and must perfect the appeal by March 6, 2022.

See also Note 6.24 "Litigation and Contingent Liabilities" to the 2021 half year condensed consolidated financial statements hereafter.

10. DECLARATION BY THE PERSON RESPONSIBLE FOR THE INFORMATION

"I hereby declare, to the best of my knowledge, that the financial statements for the most recent half year have been prepared in accordance with the applicable generally accepted accounting principles and give a true and fair view of the assets and liabilities, the financial position and the results of the Company as of June 30, 2021, and that the half year business and financial report gives a true and fair view of the important events of the first six months of the fiscal year and their impact on the half year financial statements, the main related party transactions as well as a description of the main risks and uncertainties for the six months to come."

Pascal Prigent

Chief Executive Officer

Loos, September 29, 2021

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2021

HALF-YEAR
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS UNDER IFRS

FOR THE HALF-YEAR ENDED JUNE 30, 2021

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1. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS		As of	
(in € thousands)	Notes	December 31, 2020	June 30, 2021
Current assets			
Cash and cash equivalents	6.6.	171 029	104 379
Current trade and others receivables	6.9.	11 919	13 842
Other current assets	6.11.	1 765	3 058
Inventories	-	4	4
Total - Current assets		184 717	121 283
Non-current assets			
Intangible assets	6.7.	791	704
Property, plant and equipment	6.8.	11 648	10 328
Other non-current financial assets	6.10.	1 458	1 398
Deferred tax assets	6.22.	—	—
Total - Non-current assets		13 897	12 429
Total - Assets		**198 614**	**133 712**

SHAREHOLDERS' EQUITY AND LIABILITIES		As of	
(in € thousands)	Notes	December 31, 2020	June 30, 2021
Current liabilities			
Current convertible loans	6.12.	1 312	417
Other current loans and borrowings	6.12.	3 035	2 457
Current trade and other payables	6.14.	25 564	27 231
Current deferred income and revenue	-	124	122
Current provisions	6.15.	1 031	736
Total - Current liabilities		31 067	30 964
Non-current liabilities			
Non-current convertible loans	6.12.	169 470	46 913
Other non-current loans and borrowings	6.12.	11 873	21 144
Non-current trade and other payables	6.14.	450	447
Non-current employee benefits	6.16.	1 148	1 071
Deferred tax liabilities	6.22.	767	608
Total - Non-current liabilities		183 709	70 183
Shareholders' equity			
Share capital	6.17.	9 722	11 444
Share premium	—	379 057	416 965
Retained earnings (accumulated deficit)	—	(303 629)	(404 849)
Currency translation adjustment	—	(92)	(52)
Net profit (loss)	—	(101 221)	9 058
Total shareholders' equity - Group share		(16 162)	32 566
Non-controlling interests	—	—	—
Total - Shareholders' equity		(16 162)	32 566
Total - Shareholders' equity & liabilities		**198 614**	**133 712**

2. CONSOLIDATED STATEMENTS OF OPERATIONS

(in € thousands, except earnings per share data)	Notes	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2021
Revenues and other income			
Revenue	6.18.	122	11
Other income	6.18.	5 745	3 417
Revenues and other income		5 867	3 428
Operating expenses and other operating income (expenses)			
Research and development expenses	6.19.	(36 867)	(23 079)
General and administrative expenses	6.19.	(8 251)	(7 632)
Marketing and market access expenses	6.19.	(9 490)	(783)
Reorganization and restructuring expenses	6.19.	—	(1 786)
Other operating income (expenses)	6.19.	(423)	301
Operating income (loss)		(49 163)	(29 551)
Financial income [1]	6.21.	2 095	40 822
Financial expenses	6.21.	(6 102)	(5 107)
Financial profit (loss)		(4 007)	35 714
Net profit (loss) before tax		(53 170)	6 163
Income tax benefit (expense)	6.22.	159	2 895
Net profit (loss)		**(53 011)**	**9 058**
Attributable to owners of the Company		(53 011)	9 058
Attributable to non-controlling interests		—	—
Basic and diluted earnings (loss) per share			
Basic earnings (loss) per share (€/share)	6.23.	(1,36)	0,21
Diluted earnings (loss) per share (€/share)	6.23.	(1,36)	0,19
(1): Of which Financial income incured by renegotiating the convertible bond debt OCEANE		—	35 578

3. CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS)

(in € thousands)	Notes	For the six-month period ended June 30, 2020	June 30, 2021
Net profit (loss)		**(53 011)**	**9 058**
Actuarial gains and losses net of tax	6.16.	—	44
Other comprehensive income (loss) that will never be reclassified to profit or loss		—	44
Exchange differences on translation of foreign operations		(7)	39
Other comprehensive income (loss) that are or may be reclassified to profit or loss		(7)	39
Total comprehensive income (loss)		**(53 018)**	**9 141**
Attributable to owners of the Company		(53 018)	9 141
Attributable to non-controlling interests		—	—

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in € thousands)		For the six-month period ended June 30, 2020	For the year ended December 31, 2020	For the six-month period ended June 30, 2021
Cash flows from operating activities				
+ Net profit (loss)		(53 011)	(101 221)	9 058
+ Non-controlling interests		—	—	—
Reconciliation of net loss to net cash used in operating activities				
Adjustments for:				
+ Depreciation and amortization on tangible and intangible assets		1 737	3 559	1 511
+ Impairment and provision for litigation	6.15.	124	3 015	(1 424)
+ Expenses related to share-based compensation	6.20.	513	1 236	217
- Gain on disposal of property, plant and equipment		(2)	80	330
+ Net finance expenses (revenue)		5 848	10 335	2 590
+ Income tax expense (benefit)	6.22.	(159)	(428)	(2 895)
+ Other non-cash items including Research Tax Credit litigation		92	(1 818)	(35 506)
Operating cash flows before change in working capital		(44 859)	(85 242)	(26 118)
Change in:				
Decrease (increase) in trade receivables and other assets	6.9.	1 523	318	(3 216)
(Decrease) increase in trade payables and other liabilities	6.14.	(2 026)	(11 447)	1 518
Change in working capital		(504)	(11 129)	(1 698)
Income tax paid		—	—	6
Net cash flows used in operating activities		**(45 362)**	**(96 371)**	**(27 810)**
Cash flows from investment activities				
- Acquisition of property, plant and equipment	6.7./6.8.	(785)	(900)	(21)
+ Proceeds from disposal of / reimbursement of property, plant and equipment	6.7./6.8.	—	—	224
- Acquisition of financial instruments	6.10.	(49)	(66)	12
Net cash flows provided by (used in) investment activities		**(834)**	**(966)**	**215**
Cash flows from financing activities				
+ Proceeds from issue of share capital (net)		—	7	—
+ Proceeds from subscription / exercise of share warrants		—	—	—
+ Proceeds from new loans and borrowings net of issue costs	6.12.	—	—	10 905
- Repayments of loans and borrowings	6.12.	—	207	(48 028)
- Payments on lease debts	6.12.	(1 601)	(2 150)	(1 009)
- Financial interests paid (including finance lease)		(3 230)	(7 762)	(1 058)
+ Financial interests received		—	1 442	224
Net cash flows provided by (used in) financing activities		**(4 831)**	**(8 256)**	**(38 966)**
Increase (decrease) in cash and cash equivalents		**(51 027)**	**(105 593)**	**(66 561)**
Cash and cash equivalents at the beginning of the period		276 748	276 748	171 029
Effects of exchange rate changes on cash		—	(126)	(88)
Cash and cash equivalents at the end of the period		**225 721**	**171 029**	**104 379**

5. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital									
(in € thousands)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings (accumulated deficit)	Currency translation adjustment	Net profit (loss)	Total shareholders' equity Group share	Non-controlling interests	Total shareholders' equity
As of January 1, 2020	**38 858 617**	**9 715**	**377 821**	**(478)**	**(237 862)**	**14**	**(65 144)**	**84 065**	**—**	**84 065**
Net profit (loss)	—	—	—	—	—	—	(53 011)	(53 011)	—	(53 011)
Other comprehensive income (loss)	—	—	—	—	—	(7)	—	(7)	—	(7)
Total comprehensive income (loss)	—	—	—	—	—	**(7)**	**(53 011)**	**(53 018)**	—	**(53 018)**
Allocation of prior period profit (loss)	—	—	—	—	(65 144)	—	65 144	—	—	—
Capital increase	—	—	—	—	—	—	—	—	—	—
Share-based compensation	—	—	513	—	—	—	—	513	—	513
Treasury shares	—	—	—	**(178)**	—	—	—	(178)	—	(178)
Other movements	—	—	—	—	—	—	—	—	—	—
As of June 30, 2020	**38 858 617**	**9 715**	**378 334**	**(656)**	**(303 006)**	**7**	**(53 011)**	**31 382**	**—**	**31 382**
Net profit (loss)	—	—	—	—	—	—	(48 209)	(48 209)	—	(48 209)
Other comprehensive income (loss)	—	—	—	—	196	(99)	—	97	—	97
Total comprehensive income (loss)	—	—	—	—	**196**	**(99)**	**(48 209)**	**(48 112)**	—	**(48 112)**
Allocation of prior period profit (loss)	—	—	—	—	—	—	—	—	—	—
Capital increase	29 762	7	—	—	(7)	—	—	—	—	—
Share-based compensation	—	—	723	—	—	—	—	723	—	723
Treasury shares	—	—	—	(155)	—	—	—	(155)	—	(155)
Other movements	—	—	—	—	—	—	—	—	—	—
As of December 31, 2020	**38 888 379**	**9 722**	**379 057**	**(811)**	**(302 818)**	**(92)**	**(101 221)**	**(16 162)**	**—**	**(16 162)**
Net profit (loss)	—	—	—	—	—	—	9 058	9 058	—	9 058
Other comprehensive income (loss)	—	—	—	—	44	39	—	83	—	83
Total comprehensive income (loss)	—	—	—	—	**44**	**39**	**9 058**	**9 141**	—	**9 141**
Allocation of prior period profit (loss)	—	—	—	—	(101 221)	—	101 221	—	—	—
Capital increase	6 886 871	1 722	35 342	—	—	—	—	37 064	—	37 064
Equity component of OCEANE net of deferred taxes	—	—	2 349	—	—	—	—	2 349	—	2 349
Share-based compensation	—	—	217	—	—	—	—	217	—	217
Treasury shares	—	—	—	(43)	—	—	—	(43)	—	(43)
Other movements	—	—	—	—	—	—	—	—	—	—
As of June 30, 2021	**45 775 250**	**11 444**	**416 965**	**(854)**	**(403 995)**	**(52)**	**9 058**	**32 566**	**—**	**32 566**

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts in thousands of euros unless otherwise indicated.

6.1. THE COMPANY

Founded in 1999 under the laws of France, GENFIT S.A. (the "Company"), headquartered in France at 885, Avenue Eugène Avinée 59120 Loos, is a late-stage biopharmaceutical company conducting late stage clinical development projects dedicated to the discovery and development of innovative drug products and diagnostic solutions. We target metabolic and liver related diseases where there are considerable unmet medical needs due to a lack of approved treatments.

The Company focuses its research and development (R&D) efforts with the aim to potentially market therapeutic and diagnostic solutions to target certain metabolic, inflammatory, autoimmune, and fibrotic diseases affecting in particular the liver (such as non- alcoholic steatohepatitis - NASH) and more generally gastroenterological diseases.

The consolidated financial statements of the Company include the financial statements of GENFIT S.A. and those of its wholly owned subsidiaries: GENFIT CORP (U.S. subsidiary) and GENFIT PHARMACEUTICALS SAS (French subsidiary), together referred to in these notes to the consolidated financial statements as "GENFIT" or the "Group".

6.2. MAJOR EVENTS IN THE PERIOD AND EVENTS AFTER THE REPORTING PERIOD

6.2.1. Renegotiation of the convertible bond debt (OCEANEs)

OCEANEs buyback and amendments of terms

On November 23, 2020, GENFIT proposed to all OCEANE bondholders a renegotiation offer involving two interdependent components:

- A partial buyback of the outstanding OCEANEs for a maximum amount of 3,048,780 OCEANEs at €16.40 per bond; and
- An amendment of the terms of the remaining OCEANEs allowing to extend their maturity (by 3 years) and increase the conversion ratio (to 5.5 ordinary shares per bond).

The completion of these commitments for partial repurchase, made in late 2020, remained entirely subject to approval of the new terms of the OCEANEs, by both the Shareholders' and Bondholders' Meetings, which on January 25, 2021, approved this renegotiation offer. Following the shareholders' and bondholders' decisions, GENFIT completed the partial buyback of 2,895,260 OCEANEs at a price of €16.40 (including accrued interest of €0.30) for a total buyback cost of €47.48 million. The settlement operations occurred on January 29, 2021. The repurchased OCEANEs were then cancelled by GENFIT.

For the non-cancelled, renegotiated OCEANEs ("OCEANEs 2022") (i.e. 3,185,821 remaining OCEANEs), the maturity was extended to October 16, 2025 and the conversion ratio changed from 1 OCEANE for 1 share to 1 OCEANE for 5.5 shares. The nominal amount and the payout value of the remaining OCEANEs remains unchanged at €29.60 per bond.

This renegotiation operation of the OCEANE has been recognized in the consolidated accounts for the half-year ended June 30, 2021, as:

- the derecognition of the full initial OCEANE as of January 25, 2021 against a payment of €47.48 million, and
- the issuance of 3,185,821 new amended OCEANEs.

As the conversion option for the new OCEANEs (2025 maturity) fits the definition of an equity instrument under IAS 32 (*Financial Instruments: Presentation*), the components of this new OCEANE (debt vs. equity) has been recognized separately on January 25, 2021, in accordance with the accounting rules and methods presented in 6.12 "Loans and Borrowings".

The obligation and option components have been valued separately. The option component has been valued using a traditional binomial model.
The hypotheses considered to calculate the fair value of these new OCEANEs are the following:

- credit spread in the 874/976 bps interval
- volatility: first level: 30 % second level: 35 %
- no-risk rate: 5-year Euros swap equals -0.45 %

On this basis, at January 25, 2021, the fair value of a new amended OCEANEs has been estimated at €27.80, of which a debt component of €24.12 and a €3.68 component that has been recognized in equity.

Accounting impacts of the debt renegotiation:

On January 25, 021 an amount of €94.8 million was derecognized and an amount of €76.8 million was recognized for the amended obligations, in exchange of:

- An increase in equity of €11,7 million before deferred taxes (corresponding to the recognition of the value of the conversion option of the amended OCEANE);
- The payment of €47.5 million for the OCEANEs partial buyback; and
- The recognition of financial gain (buyback bonus) of €35,.6 million before tax.

Accounting impacts of the conversions completed following the debt renegotiation:

Following the implementation of the partial buyback operation and the approval of the amendment of the terms of the OCEANEs, 552,238 of the new OCEANEs were subject to a request for share conversion at the end of January 2021. On February 4, 2021, as a result of these conversion requests, a capital increase of €759,327.25 has been recognized, corresponding to the creation of 3,037,309 new shares. This conversion of 552,238 new OCEANEs resulted in a reduction in financial debt for the Group of €13.32 million.

Following the implementation of the partial buyback operation and the approval of the amendment of the terms of the OCEANEs, 483,330 of the new OCEANEs were subject to a request for share conversion at the end of February 2021. On March 2, 2021, as a result of these conversion requests, a capital increase of €664,578.75 has been recognized, corresponding to the creation of 2,658,312 new shares. This conversion of 483,330 new OCEANEs resulted in a reduction in financial debt for the Group of €11.66 million.

Following the implementation of the partial buyback operation and the approval of the amendment of the terms of the OCEANEs, 216,591 of the new OCEANEs were subject to a request for share conversion at the end of March 2021. On April 6, 2021, as a result of these conversion requests, a capital increase of €297,812.50 has been recognized, corresponding to

the creation of 1,191,250 new shares. This conversion of 216,591 new OCEANEs resulted in a reduction in financial debt for the Group of €5.2 million.

The potential issuance of new shares upon conversion requests of the outstanding OCEANEs would represent 23% of the share capital of the Company at June 30, 2021.

All fees and commission paid in relation to this operation have been directly recognized as operating expenses. The fees disbursed in 2020 have been recognized in the 2020 financial statements for a total of €0.745 million. The fees disbursed in 2021 and recognized in the financial statements for the first half of 2021 amount to €1.7 million.

Deferred tax assets and liabilities recognized in the balance sheet at December 31, 2020 related to the 2022 OCEANEs for respectively €1.3 million and €2.0 million have been recognized in the profit and loss account for the first half of 2021.
A deferred tax liability related to the new OCEANEs has been recognized on January 25, 2021 with an impact on share capital for an amount of €4.4 million. A deferred tax asset was recognized on January 25, 2021 with an impact on the profit and loss statement under the allocation of tax loss carry forwards on the deferred tax liability reversal for €2.8 million.

The impacts on deferred taxes are detailed in note 6.22.2"Deferred tax assets and liabilities".

Event after the period:
Following the implementation of the partial buyback operation and the approval of the amendment of the terms of the OCEANEs, 10,000 of the new OCEANEs were subject to a request for share conversion at the end of August 2021. On September 1, 2021, as a result of these conversion requests, a capital increase of €13,750 has been recognized, corresponding to the creation of 55,000 new shares. This conversion of 10,000 new OCEANEs resulted in a reduction in financial debt for the Group of €0.2 million.

6.2.2. State-Guaranted Loan

On June 24, 2021, GENFIT signed a loan agreement (*Prêt Garanti par l'Etat* or PGE) for €11 million (€10.9 million after expenses). The funds were disbursed on June 29, 2021.
The loan, granted in the context of the COVID-19 pandemic by a syndicate of four French banks, is 90% guaranteed by the French government with an initial term of one year with repayment options up to six years. GENFIT already plans to use the deferred repayment option; as such, the loan is categorized as "non-current financial liability". As the loan agreement provides for mandatory early repayment in full of the loans in case of cash repayment of the existing bond debt (OCEANE conversions do not trigger this clause), the latest repayment option reflect in the present half-year report is 8 quarterly linear payment dates between September 29, 2023 and June 29, 2025.
The guarantee granted by the French state is remunerated via a commission known as the "guarantee premium" received by BPI France from the lending institution.
The first-year interest rate is 0% and that of the following years will be communicated by the banks at the time the extension is requested. Taking into account the above and the guarantee premium (from 0.25% during the first year up to 1% as of the third year), the effective rate applied is 0.84%. Thus, the loan is recognized using the effective interest rate method (with a 0.84% rate) and the IFRS value of the loan is €10.9 million.

Event after the period:

BPI granted GENFIT a supplemental PGE of €2 million. The loan agreement was signed on July 20, 2021 and the funds were disbursed on July 23, 2021.

6.2.3. Termination of RESOLVE-IT and development of elafibranor in NASH: Context and events after the period

Context and events in 2020

In May 2020, the Company announced the results from the interim analysis of the RESOLVE-IT Phase 3 trial in adult patients with NASH. Elafibranor did not meet the predefined primary efficacy endpoint of NASH resolution without worsening of fibrosis, nor the secondary endpoints in the ITT population of 1,070 patients (for further information see the 2020 Annual Report on Form 20-F or the 2020 Universal Registration Document).

In July 2020, the Company made an informed decision to prematurely terminate the study due to lack of efficacy but not due to safety concerns and commenced the process to expedite the trial termination process. These decisions are unrelated to the COVID-19 pandemic nor to any concern with the safety of the Company's drug candidate.

As such, the termination process of the RESOLVE-IT study, and more broadly, the termination of the development program of elafibranor in NASH, as analyzed under IAS37 and detailed hereafter, have had very significant impacts on the results of the 2020 period and continued to impact those of the 2021 period (contracts).

Besides, the termination of this development program has led the company to define a new strategy in September 2020 and to implement a series of financial measures, most significant of which are described in this section, which had accounting impacts not only in 2020 but also during the first half of 2021 (a renegotiation of the Company's convertible bonds, a workforce reduction plan, and rationalization of building occupancy).

Impact on subcontracting costs

The termination of the development program of elafibranor in NASH and the closing of the RESOLVE-IT study in particular involve external costs notably due to regulatory activities, expenses related to final patient visits, site closures, clinical data recording, finalizing the Clinical Study Report, updating the Trial Master File, and invoking a supply contract termination clause, etc.

Overall, the amount of subcontracting costs recognized in 2020 for the termination is €9,700, the amount recognized in the first half of 2021 is €7,100, with a further €1,500 to €2,000 estimated to be recognized until the end of the study (during the second half of 2021).

As part of the preparation of its 2020 financial statements, the Company has completed an analysis of the costs to be incurred in 2021 (see estimate above) under IAS 37; in keeping with this analysis, administrative fees, and fees for the destruction of drug tablets were provisioned for €378 (see 6.15. "Provisions") as they cannot be used in the elafibranor in PBC program. At June 30, 2021, the estimate of costs non linkable to the elafibranor in PBC program has been refined and discounted by an amount of €90, and expenses have been incurred during the first half of 2021, which brings the residual provisioned amount at June 30, 2021 to €165.

Impact on leased and owned scientific equipment

The Group has analyzed the impact of the closing of RESOLVE-IT and its decision to reorganize its activities on its leased and owned scientific equipment. An inventory of the equipment that may be sold, kept as a spare, or disposed of, was completed.

Leased equipment

As the Group received the agreement of the lessor to purchase this equipment as well as an offer for its sale, an impairment loss of €503 has been recognized in 2020 in order to account for the estimated loss in comparison to the net book value of the rights of use of the asset.
The gross value of this equipment as of June 30, 2021 is €887 and the net value is €187.
Based on the progress in these equipment purchase and resale transactions, the residual provisioned amount in the 2021 half year financial statements is €240, as of June 30, 2021.

Owned equipment

As the Group received an offer for the sale of some of this equipment, an impairment loss of €363 has been recognized in 2020 in order to account for the estimated loss in comparison to the net book value.

For more details, please see Note 6.8"Property, Plant and Equipment".

Based on the progress in these equipment resale transactions, the amount of the impairment loss at June 30, 2021 is €38.

Premises

Part of the premises that we rent is no longer in use (one floor of the offices in Paris and some laboratories at our headquarters in Loos); As part of the review under IAS 36, and since neither use nor sublease was under consideration in the near future, an impairment loss of the right of use €1,275 has been recognized in 2020 (see Note 6.8. "Property, Plant and Equipment"). This amount includes an impairment loss for fixtures, fittings and improvements of €93.

On March 29, 2021, we signed a negotiated agreement for early termination of our commercial lease for part of the office space we lease in Paris. As this agreement took effect on March 31, 2021, following the accounting procedure for a lease modification, the Group produced a new estimate of the assets and liabilities corresponding to the remaining premises in Paris; the liability was therefore reduced by €462 and the net asset reduced by €458; the impact of this new estimate has been recognized in the financial statements for €4.

In this context, a reversal of the provision for impairment, corresponding to the floor of the Paris office for which the lease has been assigned, was recognized in the amount of €526 during the six-month period ended June 30, 2021.

Reorganization and reduction in force

In 2020, following the disappointing results of the RESOLVE-IT trial, the Company initiated a reorganization and workforce reduction plan (*plan de sauvegarde de l'emploi* or "PSE") in France.

At the Group level, this reorganization resulted in reducing the number of employees to a headcount of 130 employees as of December 31, 2020, with most departures taking place on December 28, 2020.

The costs related to this PSE estimated at €1,850 and were provisioned (for support measures such as return-to-work bonuses, trainings, business start-up assistance and other such costs) and accruals (for notice periods, severance pay, and compensation for voluntary departure) in the 2020 accounts. As of June 30, 2021, the provision and the residual expenses to be paid amounts if €750 (see Notes 6.19.1"Employee Expenses" and 6.15"Provisions").

6.2.4 COVID-19

Context:

The unprecedented spread of COVID-19 – characterized as a pandemic by the World Health Organization on March 11, 2020 – is impacting the global health and business ecosystem, Genfit included. During this evolving crisis, our priorities continue to be to ensure the safety and well-being of our employees, of the patients and healthcare professionals involved in our clinical trials, as well as the integrity of our ongoing clinical trials.

We remain committed to ensuring business continuity and have been monitoring the situation closely.

In light of our priorities and in accordance with the recently issued guidance documents of the FDA and the EMA, we have worked with our contract research organizations, trial sites and investigators to critically reassess all our existing programs.

At June 30, 2021, even though measures adapted to the situation have allowed us to initiate the Phase 3 ELATIVE clinical trial in the fall of 2020, it is reminded that this public health situation has led to regularly revise the estimated duration of patient recruiting.

With regards to the deployment of a diagnostics test powered by NIS4® technology, it is reminded that the public health situation has affected unfavorably its use by Labcorp in clinical trials and also impacted the timing of Labcorp's commercial launch of NASHnext® - the LDT powered by NIS4 technology - in the clinical care space in the United States. The public health situation may therefore potentially impact net sales of NASHnext® and, indirectly, the Group's licensing income in 2021.

More generally, we have observed that the COVID-19 pandemic has diverted our partners' resources towards the prevention, diagnosis and treatment of COVID-19 patients, to the detriment of other activities our programs.

6.2.5 Other events after the period

Class Action: see Note 6.24"Litigation and contingent liabilities"

6.3. BASIS OF PRESENTATION

The half year Consolidated Financial Statements of GENFIT have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), at June 30, 2021. The term IFRS includes International Financial Reporting Standards ("IFRS"), International Accounting Standards (the "IAS"), as well as the Interpretations issued by the Standards Interpretation Committee (the "SIC"), and the International Financial Reporting Interpretations Committee ("IFRIC"). Comparative figures are presented for the year ended December 31, 2020 and the half year ended June 30, 2020.

In accordance with European Commission Regulation No 1606/2002, these consolidated financial statements for the six-month period ended June 30, 2021 have also been prepared in accordance with IAS 34 relating to interim financial information, the IFRS standard as adopted by the European Union, and must be read in conjunction with the most recent consolidated annual financial statements for the year ended December 31, 2020. They do not include all the information required for a complete set of financial statements in accordance with IFRS but a selection of notes explaining significant events and transactions with a view to understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements.

The consolidated financial statements have been prepared using the historical cost measurement basis except for certain assets and liabilities that are measured at fair value in accordance with IFRS.

These condensed consolidated financial statements for the six-month period ended June 30, 2021 were prepared under the responsibility of the Board of Directors that approved such statements on September 29, 2021.

The principal accounting methods used to prepare the condensed Consolidated Financial Statements are described below.

All financial information (unless indicated otherwise) is presented in thousands of euros (€).

6.3.1. Changes in accounting policies and new standards or amendments

With the exception of the changes mentioned thereafter, the accounting policies applied in these interim six-month consolidated financial statements are the same as those applied in the Group's consolidated year-end financial statements.

The new standards listed below are effective from January 1, 2021 but they do not have a material effect on the Group's financial statements as of June 30, 2021:

- Amendments to IFRS 4 – *Extension of the Temporary Exemption from Applying 9*
- Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 16 and IFRS 7 – *Interest Rate Benchmark Reform – Phase 2*

The Group is currently analyzing the impact of the decision by IFRIC pertaining to attributing post-employment benefits costs to periods of service (IAS 19) and will be reflected in the financial statements for the 2021 period.

6.3.2. Standards, interpretations, and amendments issued but not yet effective

With the exception of the decision by IFRIC pertaining to attributing post-employment benefits costs to periods of service, the Group has not identified any standards or amendments applicable in anticipation as of January 1, 2021 or applicable to ongoing periods as of July 1, 2021 that may have an impact on the Group's consolidated financial statements, notably:

- Amendments to IFRS 16 – *Rent concessions beyond 30 June 2021*, applicable to periods open as of April 1, 2021 pending its approval by the European Union before the financial statements closing date;
- IFRS 17 – *Insurance contracts,* applicable in 2023;
- Amendments to IAS 37 – *Onerous contracts – Cost of fulfilling a contract,* applicable in 2022;
- Amendments to IFRS 3 – *Reference to the conceptual framework,* applicable in 2022;
- Amendments to IAS 16 – *Revenue earned before an asset is ready for its intended use*, applicable in 2022;
- Amendments to IAS 1 and to « Practice Statement » 2 – *Disclosure of accounting policies*, applicable in 2023;
- Amendments to IAS 8 - Definition of estimates, applicable in 2023;
- Amendments to IAS 12 – *Deferred tax related to assets and liabilities arising from a single transaction*, applicable in 2023;
- Amendments to IAS 1 – *Classification of liabilities as current or non-current*, applicable in 2024;
- Annual improvements to IFRS - *2018-2020 Cycle*, applicable in 2022.

6.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used for these interim financial statements are the same as those used for the most recent consolidated annual financial statements.

6.5. FINANCIAL RISKS MANAGEMENT

The condensed, consolidated half year accounts do not include all of the information regarding the management of financial risks which are described in the Annual Report on Form 20-F for the reporting period ended on December 31, 2020.

6.5.1. Foreign exchange risk

The nature and exposure of the Group to currency risk has evolved. It had been anticipated that a growing portion of its operations would be denominated in US dollars, and the Group decided not to convert into euros the US dollar denominated cash it raised in March 2019 IPO. The Company expected to use cash held in US dollars to meet expenses denominated in this currency over the next few years.

Because of the decision made in 2020 to initiate the termination of the RESOLVE-IT trial (see note 6.2"Major Events in the period and events after the Reporting Period"), the Group implemented a cost savings plan from the second half of 2020 and will have fewer transactions denominated in foreign currencies or indirectly exposed to currency risk.

The overall exposure of the Company to this risk will depend, in particular, on:

- the currencies in which the Group receives its revenues;
- the currencies chosen when agreements are entered into, such as licensing agreements, or co-marketing or co-development agreements;
- the location of clinical trials on drug or biomarker candidates;
- the ability, for its co-contracting parties to indirectly transfer foreign exchange risk to the Group;
- the Group's foreign exchange risk policy; and
- the fluctuation of foreign currencies against the euro.

During the first half of 2021, the Company did not use any specific hedging arrangements in light of the Company's decision to leave a significant part of its cash and cash equivalents in US dollars.

The following table presents the sensitivity of the cash and cash equivalents and expenses of the Group to a fluctuation of 10% of the US dollar against the Euro in the 2020 and 2021 semesters:

Sensitivity of the Group's cash and cash equivalents to a variation of +/- 10% of the US dollar against the euro	As of	
(in € thousands or in US dollar thousands, as applicable)	December 31, 2020	June 30, 2021
Cash and cash equivalents denominated in US dollars	111 221	102 481
Equivalent in euros, on the basis of the exchange rate described below	90 637	86 235
Equivalent in euros, in the event of an increase of 10% of US dollar vs euro	100 708	95 816
Equivalent in euros, in the event of a decrease of 10% of US dollar vs euro	82 398	78 395

Sensitivity of the Group's expenses to a variation of +/- 10% of the US dollar against the euro	For the six-month period ended	
(in € thousands or in US dollar thousands, as applicable)	June 30, 2020	June 30, 2021
Expenses denominated in US dollars	35 531	9 758
Equivalent in euros, on the basis of the exchange rate described below	31 730	8 211
Equivalent in euros, in the event of an increase of 10% of US dollar vs euro	35 255	9 123
Equivalent in euros, in the event of a decrease of 10% of US dollar vs euro	28 845	7 465

June 30, 2021 : Equivalent in euros, on the basis of a 1 euro = 1,1884 US dollar ratio
December 31, 2020 : Equivalent in euros, on the basis of a 1 euro = 1,2271 US dollar ratio
June 30, 2020 : Equivalent in euros, on the basis of a 1 euro = 1,1198 US dollar ratio

Cash, cash equivalents and financial assets	As of	
(in € thousands or in US dollar thousands, as applicable)	December 31, 2020	June 30, 2021
At origin, denominated in EUR		
Cash and cash equivalents	80 391	18 145
Current and non current financial assets	1 391	1 336
Total	**81 782**	**19 481**
At origin, denominated in USD		
Cash and cash equivalents	90 637	86 234
Current and non current financial assets	67	62
Total	**90 704**	**86 296**
Total, in EUR		
Cash and cash equivalents	171 029	104 379
Current and non current financial assets	1 458	1 398
Total	**172 486**	**105 777**

6.5.2. Interest rate risk

At June 30, 2021, the Group only received governmental advances or conditional advances with no interest or interest at a fixed rate, generally below market rate.

At June 30, 2021, the Group's financial liabilities totaled €70,931 (€185,691 at December 31, 2020, net of the equity component of the convertible loan and debt issue costs). Current borrowings are at a fixed rate, with the exception of the state-guaranteed loan (PGE), the variable rate of which could lead to an increase in interest in the future. The Group's exposure to interest rate risk through its financial assets is also insignificant due to low market rates and since these assets are mainly euro-denominated Undertakings for the Collective Investment of Transferable Securities (UCITs), medium-term negotiable notes or term deposits with progressive rates denominated in euros or US dollars.

6.5.3. Liquidity risk

The Group's loans and borrowings mainly consist of bonds convertible or exchangeable into new or existing shares (OCEANE) and PGE loan, repayable for a nominal amount of €57.2 million and maturing on October 16, 2025, a government advance related to research projects, of which the repayment is function of the commercial success of the related research project, and bank loans (see note 6.12.2.1 “Refundable and conditional advances”).

The Company conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities. As of June 30, 2021, the Group had €105,777 in cash and cash equivalents and other financial assets (€172,486 as of December 31, 2020). The Company does not believe it is exposed to short-term liquidity risk. The Company believes that the Group's cash and cash equivalents and current financial instruments are sufficient to ensure its financing, in light of its current projects and obligations, for at least the next twelve months.

However, the Group's funds might not be sufficient to cover any additional financing needs, in which case the Group would require new financing. The conditions and arrangements for any such new financing would depend, among other factors, on economic and market conditions that are beyond the Group's control.

6.5.4. Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset defaults on their contractual commitments. The Group is exposed to credit risk due to trade receivables and other financial assets.

The Group's policy is to manage this risk by transacting with third parties with good credit standards.

6.6. CASH AND CASH EQUIVALENTS

The main components of cash equivalents were:

- UCITS and interest-bearing current accounts, available immediately;
- Term accounts, available within the contractual maturities or by the way of early exit with no penalty; and
- Negotiable medium-term notes, available with a quarterly maturity or by the way of early exit with no penalty.

These investments, summarized in the tables below, are short-term, highly liquid and subject to insignificant risk of changes in value.

Cash and cash equivalents	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Short-term deposits	166 034	89 173
Cash on hand and bank accounts	4 995	15 207
TOTAL	**171 029**	**104 379**

Short-term deposits	As of	
(in € thousands)	December 31, 2020	June 30, 2021
UCITS	2 060	808
TERM ACCOUNTS	143 827	86 716
INTEREST-BEARING CURRENT ACCOUNT	20 147	1 649
TOTAL	**166 034**	**89 173**

6.7. INTANGIBLE ASSETS

Intangible assets consist mainly of office and administrative software as well as scientific software and licenses purchased by the Group.

Intangible assets—Variations (in € thousands)	As of December 31, 2019	Increase	Decrease	Translation adjustments	Reclassification	As of December 31, 2020
Gross						
Software	2 739	231	(691)	—	(48)	2 231
Patents	91	—	—	—	—	91
Other intangibles	—	(24)	(25)	—	48	—
TOTAL—Gross	**2 830**	**207**	**(715)**	**—**	**—**	**2 322**
Accumulated depreciation and impairment						
Software	(1 888)	(309)	688	—	—	(1 510)
Patents	(21)	—	—	—	—	(21)
Other intangibles	—	—	—	—	—	—
TOTAL - Accumulated depreciation and impairment	**(1 910)**	**(310)**	**688**	**—**	**—**	**(1 531)**
TOTAL - Net	**920**	**(102)**	**(27)**	**—**	**—**	**791**

Intangible assets - Variations (in € thousands)	As of December 31, 2020	Increase	Decrease	Translation adjustments	Reclassification	As of June 30, 2021
Gross						
Software	2 231	55	(21)	—	(17)	2 248
Patents	91	—	—	—	—	91
Other intangibles	—	(17)	—	—	17	—
TOTAL - Gross	**2 322**	**38**	**(21)**	**—**	**0**	**2 340**
Accumulated depreciation and impairment						
Software	(1 510)	(116)	11	—	—	(1 615)
Patents	(21)	—	—	—	—	(21)
Other intangibles	—	—	—	—	—	—
TOTAL - Accumulated depreciation and impairment	**(1 531)**	**(116)**	**11**	**—**	**—**	**(1 636)**
TOTAL - Net	**791**	**(78)**	**(10)**	**—**	**0**	**704**

6.8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment - Variations (in € thousands)	As of December 31, 2019	Increase	Decrease	Translation adjustments	Reclassification	As of December 31, 2020
Gross						
Buildings on non-freehold land	12 229	—	—	—	(62)	12 167
Scientific equipment	11 260	450	(2 630)	—	—	9 080
Fittings	1 592	233	(113)	—	(9)	1 703
Vehicles	99	—	—	—	—	99
Computer equipment	1 669	69	(194)	—	(11)	1 534
Furniture	389	8	(68)	—	—	329
In progress	—	15	(17)	—	2	—
TOTAL - Gross	**27 238**	**775**	**(3 022)**	**—**	**(80)**	**24 911**
Accumulated depreciation						
Buildings on non-freehold land	(1 216)	(1 398)	10	—	—	(2 603)
Scientific equipment	(7 172)	(1 368)	2 588	0	—	(5 952)
Fittings	(875)	(218)	107	4	—	(982)
Vehicles	(66)	(20)	—	—	—	(85)
Computer equipment	(1 155)	(260)	193	4	—	(1 217)
Furniture	(303)	(15)	68	(1)	—	(251)
In progress	—	—	—	—	—	—
TOTAL - Depreciation	**(10 785)**	**(3 279)**	**2 967**	**7**	**—**	**(11 090)**
Accumulated impairment						
Buildings on non-freehold land	—	(1 182)	—	—	—	(1 182)
Scientific equipment	—	(866)	—	—	—	(866)
Fittings	—	(93)	—	—	—	(93)
Vehicles	—	—	—	—	—	—
Computer equipment	—	(27)	—	—	—	(27)
Furniture	—	(3)	—	—	—	(3)
In progress	—	—	—	—	—	—
TOTAL - Impairment	**—**	**(2 172)**	**—**	**—**	**—**	**(2 172)**
TOTAL - Net	**16 453**	**(4 676)**	**(56)**	**7**	**(80)**	**11 648**

Property, plant and equipment - Variations (in € thousands)	As of December 31, 2020	Increase	Decrease	Translation adjustments	Reclassification	As of June 30, 2021
Gross						
Buildings on non-freehold land	12 167	—	(696)	—	22	11 493
Scientific equipment	9 080	5	(2 146)	—	—	6 939
Fittings	1 703	(4)	(103)	—	3	1 599
Vehicles	99	—	—	—	—	99
Computer equipment	1 534	3	(8)	—	3	1 533
Furniture	329	—	—	—	—	329
In progress	—	—	—	—	—	—
TOTAL - Gross	**24 911**	**5**	**(2 952)**	**—**	**29**	**21 992**
Accumulated depreciation						
Buildings on non-freehold land	(2 603)	(677)	227	—	—	(3 052)
Scientific equipment	(5 952)	(584)	1 591	(0)	—	(4 944)
Fittings	(982)	(56)	103	(2)	—	(937)
Vehicles	(85)	(9)	—	—	—	(94)
Computer equipment	(1 217)	(106)	4	(2)	—	(1 321)
Furniture	(251)	(6)	—	—	—	(258)
In progress	—	—	—	—	—	—
TOTAL - Depreciation	**(11 090)**	**(1 437)**	**1 926**	**(4)**	**—**	**(10 606)**
Accumulated impairment						
Buildings on non-freehold land	(1 182)	—	526	—	—	(656)
Scientific equipment	(866)	—	569	—	19	(279)
Fittings	(93)	—	—	—	—	(93)
Vehicles	—	—	—	—	—	—
Computer equipment	(27)	—	0	—	—	(27)
Furniture	(3)	—	—	—	—	(3)
In progress	—	—	—	—	—	—
TOTAL - Impairment	**(2 172)**	**—**	**1 096**	**—**	**19**	**(1 058)**
TOTAL - Net	**11 648**	**(1 433)**	**69**	**(4)**	**47**	**10 328**

The Group has no goodwill.

Whenever there is an indication of an impairment loss, tangible and intangible depreciable assets are subject to an impairment test, in accordance with IAS 36 – Impairment of assets.

The Group has considered that the discontinuation of use of some equipment following the termination of the RESOLVE-IT study as well as the decision to no longer use part on the leased premises were indications of impairment losses, requiring

the execution of impairment tests for the tangible assets or rights of use recognized in the financial statements for this equipment or these rental agreements.

The recoverable amount of an asset is the greater of its value in use or the fair value less cost to sell. The value in use is calculated by estimating the amount of future cash flow, discounted at the current rate, before tax, reflecting the current market appreciation of the time value of money and the underlying risks specific to the asset. In the present case, the recoverable amount of the tested assets equates to their fair value less costs to sell.

The impacts related to the impairment loss of the tangible assets and use rights pertaining to the equipment and premises no longer in use due to the discontinuation of the RESOLVE-IT study are recognized in the consolidated financial statements under “Reorganization and restructuration costs”.

In accordance with IFRS 16, the Group has chosen not to present the right of use separately from other assets and has added them to the fixed assets of the same nature as the underlying leased assets.

Therefore, the rights of use and related amortization included in the table affect as of June 30, 2021:

- The item “Buildings on non-freehold land”, for respectively €11,238 and €2,997,
- The item “Scientific equipment” for respectively €2,082 and €1,621.

6.9. TRADE AND OTHER RECEIVABLES

Trade and other receivables - Total	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Trade receivables, net	793	556
Research tax credit	7 911	11 155
Social security costs receivables	24	10
VAT receivables	2 766	1 742
Grants receivables	3	—
Other receivables	422	379
TOTAL	**11 919**	**13 842**

Trade and other receivables - Current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Trade receivables, net	793	556
Research tax credit	7 911	11 155
Social security costs receivables	24	10
VAT receivables	2 766	1 742
Grants receivables	3	—
Other receivables	422	379
TOTAL	**11 919**	**13 842**

Trade and other receivables - Non-current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Trade receivables, net	—	—
Research tax credit	—	—
Social security costs receivables	—	—
VAT receivables	—	—
Grants receivables	—	—
Other receivables	—	—
TOTAL	—	—

Research tax credit

The research tax credit of €11,155 receivable at June 30, 2021 includes:

- The research tax credit of €7,911 due for the 2020 fiscal year, for which the early refund request in under review by the French revenue service,
- The estimated research tax credit receivable amount of €3,244 for the first half of 2021.

Other receivables

At June 30, 2021:

- The line item “other receivables”, amounting to €379, primarily consists of credit notes from suppliers

6.10. OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

Financial assets - Total	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Loans	352	370
Deposits and guarantees	418	381
Liquidity contract	688	647
TOTAL	**1 458**	**1 398**

Financial assets - Current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Loans	—	—
Deposits and guarantees	0	—
Liquidity contract	—	—
TOTAL	**0**	—

Financial assets - Non current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Loans	352	370
Deposits and guarantees	418	381
Liquidity contract	688	647
TOTAL	**1 458**	**1 398**

The liquidity contract consists of a share buyback program contracted to an investment service provider in order to facilitate the listing of the Group's shares.

At June 30, 2021, the liquidity account had a cash balance of €647.

At June 30, 2021, CMC-CIC Market Solutions holds on behalf of Genfit 105,050 shares, recorded as a deduction from equity for €41.

6.11. OTHER ASSETS

Other assets of €1,765 and €3,058 at December 31, 2020 and at June 30, 2021, respectively, consisted of prepaid expenses related to current operating expenses.

6.12. LOANS AND BORROWINGS

6.12.1. Breakdown of convertible loan

On October 16, 2017, the Company issued OCEANEs (due October 16, 2022) for an aggregate nominal amount of €180 million. This debt has been renegotiated in January 2021, and conversions took place during the first half of 2021 (see Note 6.2.1"Renegotiation of convertible bond debt (OCEANEs)"). At June 30, 2021, the nominal amount of the debt is €57.2 million.

Convertible loans - general overview	
At origin (10/16/2017) :	
Number of bonds	6 081 081
Nominal amount of the loan	179 999 997,60 EUR
Nominal unit value of the bonds	29,60 €
Conversion / exchange premium	30 %
	To GENFIT's reference share price (22,77 €).
Annual nominal interest rate	3,5 %
	Payable semi-annually in arrears
Annual nominal interest rate	7,2 %
Offering	2017/16/10
	At par
Redemption	2022/16/10
	Redemption prior to maturity at the option of the Company
	from 11/06/2020 if the arithmetic volume-weighted average price
	of GENFIT's listed share price and the then prevailing conversion ratio
	(over a 20-trading period) exceeds 150% of the nominal value of the OCEANEs.
After OCEANEs buyback :	
Number of bonds	3 185 821
Nominal amount of the loan	94 300 301,60 EUR
Nominal unit value of the bonds	29,60 €
As of 06/30/2021 :	
Number of bonds	1 933 662
Nominal amount of the loan	57 236 395,20 €
Nominal unit value of the bonds	29,60 €
Effective interest rate	8,8%

Convertible loans - Total	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Convertible loans	170 782	47 331
TOTAL	**170 782**	**47 331**

Convertible loans - Current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Convertible loans	1 312	417
TOTAL	**1 312**	**417**

Convertible loans - Non current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Convertible loans	169 470	46 913
TOTAL	**169 470**	**46 913**

The potential issuance of new shares upon conversion requests of the outstanding OCEANEs would represent 23% of the share capital of the Company at June 30, 2021.

6.12.2. Breakdown of loans and borrowings

Other loans and borrowings - Total	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Refundable and conditional advances	3 229	3 229
Bank loans	1 540	11 907
Obligations under leases	10 131	8 464
Other financial loans and borrowings	7	—
TOTAL	**14 908**	**23 600**

Other loans and borrowings - Current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Refundable and conditional advances	—	—
Bank loans	942	755
Obligations under leases	2 085	1 701
Other financial loans and borrowings	7	—
TOTAL	**3 035**	**2 457**

Other loans and borrowings - Non current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Refundable and conditional advances	3 229	3 229
Bank loans	598	11 151
Obligations under leases	8 046	6 763
Other financial loans and borrowings	—	—
TOTAL	**11 873**	**21 144**

6.12.2.1. Refundable and conditional advances

Refundable and conditional advances - general overview (in € thousands)	Total amount allocated	Receipts	Repayments	Effets of discounting	Net book value As of June 30, 2021
BPI FRANCE - IT-DIAB	3 229	3 229	—	—	3 229
Development of a global strategy for the prevention and management of type 2 diabetes					
TOTAL					**3 229**

The following table summarizes the advance outstanding as of June 30, 2021.

BPI FRANCE IT-DIAB	The Group received an advance from BPI France (the BPI France IT-DIAB) as part of a framework innovation aid agreement involving several scientific partners and for which the Group was the lead partner. The contribution expected at each stage by each of the partners in respect of work carried out and results achieved is defined in the framework agreement. With respect to the Group, the aid consisted of a €3,229 conditional advance and a €3,947 non-repayable government grant. The conditional advance is not refundable except in the event of success. The program ended on December 31, 2014. In the event of success, defined as the commercial spin-offs of the IT-DIAB program which involves products for the treatment or diagnosis of type 2 diabetes, the financial returns generated will be used initially to repay the €3,229 conditional advance. The agreement stipulates that the conditional advance will be regarded as repaid in full when the total payments made in this regards by the recipient, discounted at the rate of 5.19%, equal the total amount, discounted at the same rate, of the aid paid. Any further amounts will be classified as additional payments, up to a maximum amount of €14,800.

As provided in the project assistance agreement, the Company sent a letter in December 2019 in order to inform BPI of its LabCorp and Terns contracts while indicating that elafibranor was now aimed at treating hepatic diseases and no longer type 2 diabetes as specified in the agreement; therefore, GENFIT proposed to BPI to establish a statement of abandonment of the IT DIAB project on which the above advance is based. Following this letter, the parties met in March 2020 for the presentation of the Company's arguments, and in June 2020 following the publication of the results of the RESOLVE-IT study, and a new letter was sent in November 2020. In this context, GENFIT is awaiting a proposal from BPI on new financial terms related to this situation and a draft amendment to the repayable advance agreement. Until a response is received from BPI, Genfit considers that the fair value of this liability equates the amount disbursed by BPI.

6.12.2.2. Bank loans

The Group took out an €11 million State-guaranteed loan in June 2021.
See note **Erreur ! Source du renvoi introuvable.**"State guaranteed loan"

Bank loans (in € thousands)	Facility size	Interest rate	Available As of December 31, 2020	Installments	Outstanding As of December 31, 2020
CDN 3	500	0,72%	—	60 monthly	34
CDN 4	600	0,36%	0	48 monthly	75
CDN 5	500	0,46%	0	48 monthly	241
CIC 4	264,6	0,69%	0	60 monthly	58
CIC 5	1 000	0,69%	—	60 monthly	354
BNP 2	500	0,80%	0	20 quarterly	76
BNP 3	1050	0,80%	0	20 quarterly	315
BNP 4	800	0,87%	0	60 monthly	377
OTHER	—	-	—	-	9
TOTAL	**5 215**				**1 540**

Bank loans (in € thousands)	Facility size	Interest rate	Available As of June 30, 2021	Installments	Outstanding As of June 30, 2021
CDN 3	500	0,72%	—	60 monthly	0
CDN 4	600	0,36%	0	48 monthly	0
CDN 5	500	0,46%	0	48 monthly	178
CIC 4	265	0,69%	0	60 monthly	31
CIC 5	1 000	0,69%	—	60 monthly	253
BNP 2	500	0,80%	0	20 quarterly	25
BNP 3	1 050	0,80%	0	20 quarterly	210
BNP 4	800	0,87%	0	60 monthly	297
OTHER	0	-	—	-	7
CDN PGE	900	(*)	0	8 quaterly	900
CIC PGE	2 200	(*)	—	8 quaterly	2 200
BNP PGE	4 900	(*)	0	8 quaterly	4 900
NATIXIS PGE	3 000	(*)	—	8 quaterly	3 000
TOTAL	**16 215**				**12 002**

(*): will be defined at the end of the prorogation period

6.12.3. Maturities of Financial Liabilities

Maturity of financial liabilities (in € thousands)	As of June 30, 2021	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	More than 5 years
BPI FRANCE - IT-DIAB	3 229	—	—	—	—	—	3 229
TOTAL - Refundable and conditional advances	**3 229**	—	—	—	—	—	**3 229**
Convertible loans	47 331	417	—	—	—	46 913	—
Bank loans	11 907	755	239	5 456	5 456	—	—
Leases	8 464	1 701	1 102	1 003	1 002	943	2 714
TOTAL - Other loans and borrowings	**67 702**	**2 874**	**1 340**	**6 459**	**6 458**	**47 857**	**2 714**
TOTAL	**70 931**	**2 874**	**1 340**	**6 459**	**6 458**	**47 857**	**5 943**

The convertible bond of a nominal amount of €57,240 results in the payment of yearly interest of €2.000 (payable semi-annually) and a reimbursement at par due in less than 5 years (in October 2025).

Regarding the IT-DIAB advance, see preceding section.

6.13. FAIR VALUE OF FINANCIAL INSTRUMENTS

	As of December 31, 2020						
	Carrying value				Fair value		
(in thousands of euros)	As per statement of financial position	Assets at fair value through profit & loss	Loans & receivables	Debt at amortized cost	Level 1	Level 2	Level 3
Assets							
Loans	352	—	352	—	—	352	—
Deposits and guarantees	418	—	418	—	—	418	—
Trade receivables	793	—	793	—	—	793	—
Cash and cash equivalents	171 029	171 029	—	—	171 029	—	—
TOTAL - Assets	**172 592**	**171 029**	**1 563**	—	**171 029**	**1 563**	—
Liabilities	—	—	—	—	—	—	—
Conditional advances	3 229	—	—	3 229	—	—	3 229
Convertible loans	170 782	—	—	170 782	—	170 782	—
Bank loans	1 540	—	—	1 540	—	1 540	—
Obligations under finance leases	10 131	—	—	10 131	—	10 131	—
Other financial loans and borrowings	7	—	—	7	—	7	—
Trade payables	20 337	—	—	20 337	—	20 337	—
Other payables	569	—	—	569	—	569	—
TOTAL - Liabilities	**206 596**	—	—	**206 596**	—	**203 367**	**3 229**

	As of June 30, 2021						
	Carrying value				Fair value		
(in thousands of euros)	As per statement of financial position	Assets at fair value through profit & loss	Loans & receivables	Debt at amortized cost	Level 1	Level 2	Level 3
Assets							
Loans	370	—	370	—	—	370	—
Deposits and guarantees	381	—	381	—	—	381	—
Trade receivables	556	—	556	—	—	556	—
Cash and cash equivalents	104 379	104 379	—	—	104 379	—	—
TOTAL - Assets	**105 687**	**104 379**	**1 307**	—	**104 379**	**1 307**	—
Liabilities	—	—	—	—	—	—	—
Conditional advances	3 229	—	—	3 229	—	—	3 229
Convertible loans	47 331	—	—	47 331	—	47 331	—
Bank loans	11 907	—	—	11 907	—	11 907	—
Obligations under finance leases	8 464	—	—	8 464	—	8 464	—
Trade payables	22 997	—	—	22 997	—	22 997	—
Other payables	566	—	—	566	—	566	—
TOTAL - Liabilities	**94 494**	—	—	**94 494**	—	**91 265**	**3 229**

6.14. TRADE AND OTHER PAYABLES

Trade and other payables - Total	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Trade payables (*)	20 337	22 997
Social security costs payables	4 477	3 943
VAT payables	314	2
Taxes payables	319	170
Other payables	569	566
TOTAL	**26 015**	**27 678**

Trade and other payables - Current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Trade payables	20 337	22 997
Social security costs payables	4 477	3 943
VAT payables	314	2
Taxes payables	319	173
Other payables	118	115
TOTAL	**25 564**	**27 231**

Trade and other payables - Non current	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Trade payables	—	—
Social security costs payables	—	—
VAT payables	—	—
Taxes payables	—	(4)
Other payables	450	451
TOTAL	**450**	**447**

(*) Of which : Accrued expenses	13 809	12 962

6.15. PROVISIONS

At June 30, 2021, this line item amounted to €736 (€1,031 at December 31, 2020).

The accruals recorded at June 30, 2021 are related to the residual amount of the provisions recognized at December 31, 2020 pertaining to:

- Those of the termination costs of RESOLVE-IT that, following a detailed review, do not have any economic benefit under IAS 37 (€165);
- The estimated support costs related to the workforce reduction plan implemented in late 2020, such as return-to-work bonuses for €162, training for €197, and various other benefits for €82 (i.e. a total of €441).

6.16. EMPLOYEE BENEFITS

In France, pension funds are generally financed by employer and employee contributions and are accounted for as a defined contribution plan with the employer contributions recognized as expense as incurred. The Group has no actuarial liabilities in connection with these plans. Expenses recorded for the half-years ended June 30, 2021 and June 30, 2020 amounted to €406 and €414 respectively.

French law also requires payment of a lump sum retirement indemnity to employees based on years of service and annual compensation at retirement, which are accounted for as a defined benefit plan. Benefits do not vest prior to retirement. The liability is calculated as the present value of estimated future benefits to be paid, applying the projected unit credit method whereby each period of service is seen as giving rise to an additional unit of benefit entitlement, each unit being measured separately to build up the final liability. At June 30, 2021 pension provisions recorded were €1,071, compared to €1,148 at December 31, 2020.

For the half years ended June 30, 2021 and June 30, 2020, the provision for retirement indemnities is calculated on the basis of one-half of the expected expenses for the corresponding period, taking into account the updated assumption for the discount rate and turnover during the first half.
As part of the measurement of the retirement indemnity to employees, the following assumptions were used for all categories of employees:

Population	Permanent staff
Retirement age	65
Terms of retirement	Initiated by the employee
Life expectancy	On the basis of the INSEE table
Probability of continued presence in the company at retirement age	On the basis of the DARES table

Rate	As of	
(in € thousands)	December 31, 2020	June 30, 2021
Salary growth rate - in 2022	3,00%	3,00%
Salary growth rate - beyond	3,00%	3,00%
Discount rate (iboxx)	0,50%	0,50%

The discount rates are based on the market yield at December 31, 2020 and at June 30, 2021 on high quality corporate bonds.

The following table presents the changes in the present value of the defined benefit obligation:

Changes in the present value of the defined benefit obligation (in € thousands)	As of June 30, 2021
Defined benefit obligation as of January 1, 2020	**1 408**
Current service cost	181
Interest cost on benefit obligation	11
Actuarial losses on obligation	(255)
Past service costs	(196)
Service paid to employees	—
Defined benefit obligation as of December 31, 2020	**1 148**
Current service cost	(37)
Interest cost on benefit obligation	3
Actuarial losses / (gains) on obligation	—
Past service costs	(44)
Service paid to employees	—
Defined benefit obligation as of January 1, June 30, 2021	**1 071**

The actuarial difference mainly results from the change in discount rate.

	Retirement and post-employment benefits	
(in € thousands)	Changes in assumptions / discount rate	Impact / present value of the obligation
	+ 0.25%	(42)
	- 0.25%	45

6.17. EQUITY

Ordinary shares are classified under shareholders' equity. Any shareholder, regardless of nationality, whose shares are fully paid-in and registered for at least two years, is entitled to double voting rights under the conditions prescribed by law (Article 32 of the Company's bylaws).

At June 30, 2021, 2,338,946 shares have been held for more than two years and entitle their holders to double voting rights (5.11% of the issued share capital).

Changes in share capital in 2021

The Chief Executive Officer, acting on a decision and delegation from the Board of Directors on January 25, 2021, recognized successively:
- on February 4, 2021, an increase in share capital of €759,327.25 as a result of the conversion of OCEANEs into 3,037,309 new shares;
- on March 2, 2021, an increase in share capital of €664,578 as a result of the conversion of OCEANEs into 2,658,312 new shares;
- on April 6, 2021, an increase in share capital of €297,812.50 as a result of the conversion of OCEANEs into 1,191,250 new shares.

Taking into account the above, at June 30, 2021, the total number of shares comprising the share capital was 45,775,250 shares. Therefore, as of June 30, 2021, the share capital amounts to €11,443,812.50 represented by 45,775,250 fully authorized, subscribed and paid-up shares with a nominal value of €0.25 per share. This number does not include instruments granting access to share capital which have been issued by the Company and granted to certain directors, employees and consultants of the Group including stock options, free shares (AGA) that have not fully vested and share warrants (BSA) or the shares underlying our OCEANE convertible bonds that remain active at June 30, 2021. At June 30, 2021, the remaining unused authorizations to issue additional share-based compensation or other share-based instruments (stock options, free shares and share warrants) represent a total of 525,000 shares, at the date of this Half-Year Report.

Changes in share capital in 2020

The Chief Executive Officer, acting on a decision and delegation from the Board of Directors on November 27, 2019, determined on January 26, 2021, that some of the performance and attendance conditions of the AGA D 2017-2 and AGA D 2018 and all of the AGA S 2017-2 and AGA S 2018 free shares had been satisfied as of December 31, 2020. 29,762 free shares were thus definitively vested, and the same number of new shares were created. The share capital was increased accordingly in 2020.

At December 31, 2020, the total number of shares comprising the share capital, taking into account the above, was 38,888,379 shares. Therefore, as of December 31, 2020, the share capital amounts to €9,722,094.75 represented by 38,888,379 fully authorized, subscribed, and paid-up shares with a nominal value of €0.25 per share. This number does not include instruments granting access to share capital which have been issued by the Company and granted to certain directors, employees and consultants of the Group including stock options, free shares (AGA) that have not fully vested and share warrants (BSA) or the shares underlying our OCEANE convertible bonds. At December 31, 2020, the remaining unused

authorizations to issue additional share-based compensation or other share-based instruments (stock options, free shares and share warrants) represent a total of 407,900 shares, of which 36,600 have been authorized by the Board of Directors at the date of this Half-Year Business Report.

6.18. OTHER INCOME

Other income consisted of the following:

Other income	For the six-month period ended	
(in € thousands)	June 30, 2020	June 30, 2021
CIR tax credit	5 224	3 244
Other operating income (including CICE tax credit)	519	174
Government grants and subsidies	3	(0)
TOTAL	**5 745**	**3 417**

During the first half of 2021, the Group recognized in "Other operating income":

€124 in exchange gains on trade receivables for services denominated in US dollars (€509 were recognized as financial income in the first half of 2020).

6.19. OPERATING EXPENSES

		Of which:					
Operating expenses and other operating income (expenses) (in € thousands)	For the six-month period ended June 30, 2020	Raw materials and consumables used	Contracted research and development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization and impairment charges	Gain / (loss) on disposal of property, plant and equipment
Research and development expenses	(36 867)	(1 197)	(24 337)	(6 591)	(3 287)	(1 455)	—
General and administrative expenses	(8 251)	(133)	(41)	(3 845)	(3 963)	(269)	—
Marketing and market access expenses	(9 490)	(4)	(1)	(744)	(8 697)	(44)	—
Reorganization and restructuring expenses	—	—	—	—	—	—	—
Other operating income and (expenses)	(423)	—	—	—	(425)	—	2
TOTAL	**(55 031)**	**(1 333)**	**(24 379)**	**(11 180)**	**(16 372)**	**(1 769)**	**2**

		Of which:					
Operating expenses and other operating income (expenses) (in € thousands)	For the six-month period ended June 30, 2021	Raw materials and consumables used	Contracted research and development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization and impairment charges	Gain / (loss) on disposal of property, plant and equipment
Research and development expenses	(23 079)	(642)	(15 029)	(4 842)	(2 334)	(225)	(6)
General and administrative expenses	(7 632)	(73)	(48)	(3 336)	(4 123)	(51)	—
Marketing and market access expenses	(783)	(2)	(1)	(465)	(316)	0	—
Reorganization and restructuring expenses	(1 786)	(3)	—	—	(1 942)	158	—
Other operating income (expenses)	301	—	—	—	637	—	(336)
TOTAL	**(32 979)**	**(721)**	**(15 078)**	**(8 643)**	**(8 078)**	**(117)**	**(343)**

Research and development expenses at each reporting date take into account estimates for ongoing activities subcontracted as part of the clinical trials and not yet invoiced, on the basis of detailed information provided by subcontractors and reviewed by the Group's internal departments. The accuracy of these estimates for some types of expenses improves with the progression of the trials and the review of their determination methods.

The decrease in "Contracted operating expenses" during the first half of 2021 is mainly related to the discontinuation of the RESOLVE-IT study; expenses related to the discontinuation of this study were still incurred during this half-year, but their amount is sensibly lower than during the first half of 2020 when the study was active. See Note 6.2"Major events in the period and events after the period".

Personnel expenses were reduced mainly due to the very significant reduction in the number of employees as a result of the reduction in workforce plan (PSE) implemented late 2020 (122 at June 30, 2021 vs. 203 at June 30, 2020).

The reduction in "Other expenses" is very closely linked to the discontinuation of expenses related to the pre-marketing of elafibranor in NASH, partially compensated by the increase in expenses for the insurance specific to our NASDAQ listing and the costs related to the OCEANE renegotiation. Expenses related to facilities and maintenance, as well as intellectual property, have also decreased to a lesser extent.

The change in "Net amortization, depreciation and provisions" is mainly due to the provision reversals recognized during the first half of 2021; those being related to the vacant premises for which the lease was assigned, and the unused scientific equipment that has been sold.

The reorganization and restructuration expenses of €1,786 during the first half of 2021 mainly include:

- the partial reversal of provisions recognized within the scope of the PSE (€68), following a new assessment;
- the OCEANE renegotiation costs recognized in 2021 (€1,939);
- a partial provision reversal for some closing costs of the RESOLVE-IT study, which, after detailed analysis, do not have any economic advantage (€90).

6.19.1. Employee Expenses

Employee expenses	For the six-month period ended	
(in € thousands)	June 30, 2020	June 30, 2021
Wages and salaries	(7 811)	(5 734)
Social security costs	(2 769)	(2 729)
Changes in pension provision	(87)	37
Share-based compensation	(513)	(217)
TOTAL	**(11 180)**	**(8 643)**

Number of employees at June 30, 2021

	For the six-month period ended	
Number of employees at year-end - detail	**June 30, 2020**	**June 30, 2021**
Average number of employees	201	124
Number of employees		
Research and development	107	59
Services related to research and development	21	15
Administration and management	68	44
Marketing and commercial	7	4
TOTAL	**203**	**122**

6.20. SHARE-BASED COMPENSATION

Share-based compensation is granted by GENFIT to employees, executive officers, board members and consultants.

Share-based compensation granted to employees and executive officers in 2014 through 2021 corresponds to redeemable share warrants ("Bons de Souscriptions et/ou d'Acquisition d'Actions" or "BSAAR"), stock options ("SO") and free shares ("actions gratuites" or "AGA").

Share-based compensation granted to board members and consultants in 2014, 2015, 2017 and 2019 corresponds to share warrants ("Bons de Souscriptions d'Actions" or "BSA").

For the valuation of this share-based compensation, the Group has determined that under IFRS, its consultants were not equivalent to employees.

Under these programs, holders of vested instruments are entitled to subscribe to shares of the Company at a pre-determined exercise price. All of the plans are equity settled. The terms and conditions of these plans are detailed in the 2020 Annual Report on Form 20-F.

No instruments were exercised during 2020 nor in the first half of 2021.

A new plan was implemented by the Group during the first half of 2021, of which the terms and conditions are detailed hereafter.

Plans	Evaluation date for performance conditions	Nature of internal conditions
AGA 2021	03/31/2024	50% of the free shares will be vested if at least one of the three conditions below, pertaining to the development of elafibranor in PBC and the ELATIVE clinical study is met: i. "Last Patient Visit" in ELATIVE in the Q4 2022 or earlier; ii. ELATIVE results are communicated to the financial markets during Q1 2023 or earlier; iii. in case of a submission of registration dossier for elafibranor in PBC with the Food and Drug Administration (FDA) or the European Medicines Agency (EMA) in 2023.
		25% of the free shares will be vested if at least one of the two conditions below, pertaining to the NIS4 diagnostic technology is met: i a partnership agreement in research and development for the development of an IVD test powered by NIS4 technology with at least one major player in NASH ("big pharma", biotech company, institution, etc.) is signed by the Company; ii use of NIS4 technology in at least 20 clinical studies
		25% of the free shares will be vested if at least one of the two conditions below, pertaining to the development of the Company's product portfolio is met: i. a clinical study for an new indication with elafibranor or NTZ is ongoing or has been completed; ii. in case of development or purchase of rights to a new molecule by the Company.
The definitive vesting of AGA S 2021 is conditional to the completion of the performance conditions at March 31, 2024. The definitive vesting of AGA S 2021 is conditional to the presence of AGA S 2021 beneficiaries within the Company on March 31, 2023, subject to exceptions provided for in the free shares allocation plan terms and conditions.		

The expense recognized during 2021 pursuant to IFRS 2 was €217 (compared to €1,236 at December 31, 2020).

Estimate of the number of equity instruments expected to be vested: Genfit uses a 0% turnover rate and takes into account the actual number of lapsed instruments at each closing.

The table below shows the share-based compensation under each plan:

	For the six-month period ended	
Share-based compensation - expense	**June 30, 2020**	**June 30, 2021**
AGA S 2017-1	—	—
AGA S 2017-2	16	—
AGA D 2017-1	—	—
AGA D 2017-2	21	—
SO 2017-1	—	—
SO 2017-2	13	—
SO US 2017-1	—	—
SO US 2017-2	—	—
AGA S 2018	62	—
AGA D 2018	66	—
SO 2018	135	93
SO US 2018	12	12
AGA S 2019	39	21
AGA D 2019	38	13
SO 2019	77	19
SO 2019-US	18	6
BSA 2019	10	—
SO US 2019	6	—
SO D 2020	1	7
SO C 2020	—	22
SO US 2020	—	9
AGA S 2021	—	15
TOTAL	**513**	**217**

6.21. FINANCIAL INCOME AND EXPENSES

Financial income and expenses	For the six-month period ended	
(in € thousands)	June 30, 2020	June 30, 2021
Financial income		
Interest income	1 154	224
Foreign exchange gain	938	5 019
Financial income occured by renegociating the convertible bond debt OCEANE	—	35 578
Other financial income	3	1
TOTAL - Financial income	**2 095**	**40 822**
Financial expenses		
Interest expenses	(5 777)	(2 758)
Interest expenses for leases	(71)	(55)
Foreign exchange losses	(246)	(2 291)
Other financial expenses	(8)	(3)
TOTAL - Financial expenses	**(6 102)**	**(5 107)**
FINANCIAL GAIN (LOSS)	**(4 007)**	**35 714**

The financial income and expenses on financing operations are related to:

- the interest of the 2022 OCEANEs and they mainly relate to the payment of interest coupons at the rate of 3.5% and the amortization of the discount of the bond debt at the effective interest rate of 8.79% to accrete the bond debt up to the amount that will be repaid (or converted) at maturity, recognizing a theoretical annual interest accrual as a result of the accretion on the period of an amount equivalent to the equity component at an effective interest rate.
- an amount of €35,578 related to the repurchase bonus resulting from the OCEANEs renegotiation (see Note 6.2.1"Renegotiation of the convertible bond debt (OCEANEs)").

The exchange result was a gain of €2,728 and is notably related to the exchange rate fluctuations at June 30, 2021 on the cash held in US dollars, as the Company made the decision to keep part of its cash in US dollars (see Note 6.6"Cash and cash equivalents"). These cash holdings in US dollars are to be used to pay directly expenses in US dollars (natural currency hedge).

6.22. INCOME TAX

6.22.1. Losses available for offsetting against future taxable income

At June 30, 2021, the tax loss carry forwards for the Company amounted to €477,477, (€483,356 at December 31, 2020).

Carry forwards can be offset against future taxable profit within a limit of €1.0 million per year plus 50% of the taxable profit exceeding this limit. Remaining unused losses will continue to be carried forward indefinitely.

6.22.2. Deferred tax assets and liabilities

The Group's main sources of deferred tax assets and liabilities as of June 30, 2021 related to:

- Tax loss carry forwards: €477,477 (compared to €483,356 at December 31, 2020);
- Temporary difference related to the OCEANE: the recognized deferred tax amounts are a liability of €2,483 and an asset of €1,875, i.e., a net deferred tax liability of €608.

Operations completed in 2021 related to the OCEANE, described in Note 6.2.1"Renegotiation of the convertible bond debt (OCEANEs)" resulted in the following impacts in terms of deferred tax assets and liabilities:

Former 2022 OCEANE:

In GENFIT's consolidated accounts under IFRS, the transactions were recorded as an early repayment of the debt. The deferred tax liability remains recognized at the date of the operation, i.e. on January 25, 2021 (recognized to cover the difference in income of the repaid debt component of the 2022 OCEANE) has been recognized directly in the statement of profit and loss. Thus, the published amounts including the variations during the period from January 1 to January 25, 2021, amounted to €2,050 for deferred tax liabilities and €1,282 for deferred tax assets, i.e. a net deferred tax liability of €767.

New 2025 OCEANE:

During the initial recognition of the 2025 OCEANE on January 25, 2021, a €4, 403 deferred tax liability was recognized against equity on the basis of the amount of the equity instrument.
A deferred tax asset was recognized on January 25, 2021 with an impact on the profit and loss statement under the allocation of tax loss carry forwards on the deferred tax liability reversal for €2,834. The Company offsets its deferred tax assets and liabilities, as permitted by IAS 12, resulting in a net deferred tax liability of €1,569.

The deferred tax liability related to the 2025 OCEANE is progressively reduced due to the supplemental interest charge recognized on the 2025 OCEANE.

After January 2025, all changes in deferred tax assets and liabilities are recognized in the profit and loss statement with the exception of the changes in deferred tax liabilities due to conversions.

In case of share conversions of the convertible bonds before the loan reimbursement date, the deferred tax liability is symmetrically reversed directly in equity. The resulting reversal of deferred tax asset is recognized in the profit and loss statement. The reversed amounts due to conversions during the first half of the period ending December 31, 2021 are the following:

- Conversion of 552,238 bonds on February 4, 2021: reversal of a deferred tax liability of €756 and a deferred tax liability of €356, i.e. a net deferred tax liability of €399;
- Conversion of 483,330 bonds on March 2, 2021: reversal of a deferred tax liability of €641 and a deferred tax liability of €256, i.e. a net deferred tax liability of €376;
- Conversion of 216,591 bonds on April 6, 2021: reversal of a deferred tax liability of €276 and a deferred tax liability of €91, i.e. a net deferred tax liability of €186.

The overall result of the impacts described above is a net deferred tax benefit on the period of €2,895.

Oher than as it relates to deferred tax assets recognized based on the available deferred tax liabilities, no other deferred tax asset has been recognized as it is not probable that taxable profit will be available to offset deductible temporary differences and tax loss carry forwards.

6.23. EARNINGS (LOSS) PER SHARE

	For the six-month period ended	
Earnings per share	**June 30, 2020**	**June 30, 2021**
Profit (loss) for the period (in € thousands)	**(53 011)**	**9 058**
Weighted average number of ordinary shares for the period	38 858 617	43 686 717
Basic earnings (loss) per share (€/share)	**(1,36)**	**0,21**
Diluted earnings (loss) per share (€/share)	**(1,36)**	**0,19**

Base earnings (loss) per share are calculated by dividing the net result belonging to the Company shareholders by the weighted average number of ordinary shares.

Instruments giving deferred access to capital (BSA, BSAAR, SO, AGA) or OCEANEs are considered as having a dilutive effect since they induce a decrease in earnings (loss) per share.

6.24. LITIGATION AND CONTINGENT LIABILITIES

Class Action

On May 14, 2020, following our announcement that elafibranor had not achieved the primary or key secondary endpoints of the RESOLVE-IT trial, a purported shareholder class action complaint, captioned Schwartz v. Genfit S.A. et al., was filed in state court in the Commonwealth of Massachusetts, naming us, certain members of our board of directors, and certain members of our senior management as defendants. The complaint alleged that we made materially misleading statements about the development of elafibranor in connection with our U.S. initial public offering in violation of U.S. federal securities laws. The complaint sought unspecified compensatory damages. In October 2020, the plaintiff voluntarily withdrew its action filed in state court in the Commonwealth of Massachusetts.

In December 2020, the same plaintiff filed a purported shareholder class action complaint in state court in the State of New York, alleging claims substantially similar to those in the previous complaint against the same defendants, as well as the underwriters of our U.S. initial public offering. In March 2021, we and the other defendants filed a motion to dismiss the claims before the state court in the State of New York. In August 2021, the court granted the motion and dismissed the complaint with prejudice. In September 2021, the plaintiff filed a notice of appeal to the Supreme Court, Appellate Division, First Department, and must perfect the appeal by March 6, 2022.

6.25. RELATED PARTIES

Biotech Avenir SAS set up at the initiative of the Company, is a related party within the meaning of IAS 24.9.
The registered office of Biotech Avenir SAS is located at the same address as the Company. This domiciliation is provided without charge.

Biotech Avenir

Biotech Avenir SAS is a holding company incorporated in 2001 by the Company's founders. Most of its share capital is currently held by individuals, i.e., the four co-founders of the Company and approximately thirteen Company employees. Jean-François Mouney, the Chairman of the Company, is also the Chairman of Biotech Avenir SAS.

At June 30, 2021, Biotech Avenir SAS held 4.13% of the share capital of the Company.

The Company did not carry out any transactions with Biotech Avenir during the first half of 2021 nor in 2020, with the exception of the domiciliation without charge.

6.26. COMPENSATION OF CORPORATE OFFICERS

Compensation paid to the Chief Executive Officer during the period from January 1, 2021 to June 30, 2021	For the six-month period ended	
	June 30, 2020	June 30, 2021
Short-term employee benefits (gross + employer's social contributions, paid)	253	265
Post-employment pension & medical benefits	—	—
Share-based payment transactions	—	—
TOTAL	**253**	**265**

The Chief Executive Officer's corporate contract contains a clause whereby, in the event of termination, he would receive a non-compete indemnity equal to:

(i) twelve (12) months of fixed compensation, calculated on the basis of the gross amounts due for the past twelve months ended and

(ii) increased, where applicable, by the amount of the annual variable compensation due for the previous year. This compensation is intended to compensate the prohibition made to the Chief Executive Officer, for a period of 12 months following the termination of his functions, for whatever reason, to work in any way whatsoever with certain companies carrying out a directly competitive activity of the Company.

In addition, the Chief Executive Officer, except in the event of gross negligence within the meaning of labor law, shall receive severance pay equal to:

(i) twelve (12) months of fixed compensation, calculated on the basis of the gross amounts due for the twelve past completed months and

(ii) increased, where applicable, by the amount of annual variable compensation due for the previous year. This compensation will be paid one month after his effective termination of activity within the Group. The compensation will not be paid if, on his initiative, the Chief Executive Officer leaves the Company to exercise new functions or changes functions within the Group, or even if he has the possibility of asserting in the short term his retirement rights.

It is also specified that any sum paid under the non-competition clause will be deducted from the sums due under the severance pay and vice-versa. The total and maximum commitment represented by this indemnity (gross, employer charges and payroll tax) as of June 30, 2021 would amount to €533.

The directors' fees and other compensation due and paid to the non-executive directors are as follows:

Attendance fees and other forms of remuneration payable to each of the non executive officer (in euros)	Amounts due*	Amounts paid*	Amounts due*	Amounts paid*
	For the six-month period ended			
	June 30, 2020		June 30, 2021	
Jean-François MOUNEY(1)				
Attendance fees	15 000	15 000	21 393	32 079
Other remuneration	100 098	100 098	143 196	143 196
Total	115 098	115 098	164 589	175 276
Xavier GUILLE DES BUTTES				
Attendance fees	44 690	33 790	46 870	49 050
Other remuneration	—	—	—	—
Total	44 690	33 790	46 870	49 050
Frédéric DESDOUITS				
Attendance fees	25 070	17 390	22 890	29 430
Other remuneration	—	—	—	—
Total	25 070	17 390	22 890	29 430
BIOTECH AVENIR				
Represented by Florence Séjourné				
Attendance fees	—	—	—	—
Other remuneration	—	—	—	—
Total	—	—	—	—
Philippe MOONS				
Attendance fees	27 250	16 350	11 536	18 621
Other remuneration	—	—	—	—
Total	27 250	16 350	11 536	18 621
Anne-Hélène MONSELLATO(3)				
Attendance fees	29 430	18 530	29 430	27 250
Other remuneration	—	—	—	—
Total	29 430	18 530	29 430	27 250
Catherine LARUE(3)				
Attendance fees	25 070	20 710	25 070	27 250
Other remuneration	—	—	—	—
Total	25 070	20 710	25 070	27 250
Katherine KALIN (1)				
Jetons de présence	—	—	22 890	25 070
Autres rémunérations	—	—	—	—
TOTAL	—	—	22 890	25 070
Eric BACLET (1)				
Jetons de présence	—	—	36 721	33 996
Autres rémunérations	—	—	—	—
TOTAL	—	—	36 721	33 996
Jean-François TINE (1)				
Jetons de présence	—	—	16 834	5 389
Autres rémunérations	—	—	—	—
TOTAL	—	—	16 834	5 389
TOTAL	266 608	221 868	376 830	391 332

In addition, the Company has provided corporate officers, directors, and members of the Executive Committee a “directors and officers” insurance against claims relating to certain actions they may take in the performance of their duties. For the 12-month period starting in March 2021, the insurance premium, to be paid by the Company in July 2021, including the IPO insurance policy premium for the implementation of this insurance coverage amounts to €2,237.

6.27. COMMITMENTS

Subcontracting agreements

The Group enters into contracts in the normal course of business with clinical research organizations (CROs) for clinical trials, as well as with Contract Manufacturing Organizations (CMOs) for clinical and commercial supply manufacturing, commercial and pre-commercial activities, research and development activities and other services and products for operating purposes. The Group's agreements generally provide for termination with specified periods of advance notice.

Such agreements are generally cancelable contracts and not included in the description of the Group's contractual obligations and commitments.

Deposits and guarantees

GENFIT has guaranteed its rental payment obligation under the lease agreement for the headquarters in Loos, France in the amount of €600 at June 30, 2021 (€600 at December 31, 2020).

Obligations in respect of the co-ownership of intellectual property rights

To date, the Company has not been required to license any third-party intellectual property to develop drug candidates and biomarker candidates that comprise its portfolio of proprietary programs and products.

The Company ensures, with regard to these programs, that the collaboration or subcontracting agreements that it is required to enter into, systematically stipulate that the results of the research are the Company's property. This is particularly the case for research consortia, in which the Group is associated with university laboratories and other biotechnology companies. It therefore holds all the intellectual property rights over its portfolio of proprietary programs and products.

On the other hand, the agreements signed in the framework of the Company's historical co-research alliances with partners in the pharmaceutical industry provided that the intellectual property rights of the drug candidates developed under these alliances belonged to the partners. These agreements also provided that the Company had intellectual property rights over the innovative technologies discovered on this occasion, even if it had to grant a royalty free and non-exclusive license to the industrial partner for the purpose of developing drug candidates discovered under the co-research programs.

To date, Sanofi remains the only industrial partner likely to still have exploitation rights on a drug candidate developed as part of its historical co-research alliance with the Company and therefore able to use on a royalty-free basis, but not exclusively, technologies developed by the Company under this program. The other historic partners have informed the Company of their decision not to exploit or stop exploiting the results of joint research. Nevertheless, to date, Sanofi has not communicated to the Company its desire to continue the development of this program despite the last research phase shared with the Company's teams having ended in May 2015.

STATUTORY AUDITORS' LIMITED REVIEW REPORT ON THE 2021 HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Genfit

For the period from 1 January to 30 June 2021

Statutory auditors' review report on the half-yearly financial information

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

Genfit

For the period from 1 January to 30 June 2021

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Genfit, for the period from 1 January to 30 June 2021;
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of our procedures.

These condensed half-yearly consolidated financial statements were drawn up under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with standard IAS 34 of the IFRS as adopted by the European Union applicable to interim financial information.

Without modifying our conclusion, we draw your attention to the matter set out in note 6.2.1 “Renegotiation of the debt relating to the convertible bond (OCEANEs)” to the condensed half-yearly consolidated financial statements, regarding consequences of the renegotiation of the OCEANEs and the conversions for the period.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Lille, 29 September 2021

The Statutory Auditors

(French original signed by)

GRANT THORNTON	ERNST & YOUNG et Autres
Membre français de Grant Thornton International	
Jean Francois Baloteaud	Sandrine Ledez