

English version for information purposes only

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GENFIT

French public limited company (*Société Anonyme*)
governed by a Board of Directors,
with share capital of 9,707,855.25 euros
Registered Office: 885 avenue Eugène Avinée, 59120 Loos - France
424 341 907 R.C.S Lille Métropole

(the "Company")

SUPPLEMENTAL REPORT OF THE BOARD OF DIRECTORS

**SHARE CAPITAL INCREASE WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS TO
SHAREHOLDERS IN THE CONTEXT OF THE INITIAL PUBLIC OFFERING OF THE COMPANY
IN THE UNITED STATES AND A PRIVATE PLACEMENT IN EUROPE**

Sir, Madam,

Dear Shareholders,

As part of the Company's initial public offering in the United States and a private placement in Europe, the Board of Directors decided to make use of the delegation of authority conferred on it by the ordinary and extraordinary general meeting of the shareholders of the Company which met on June 15, 2018 (the "**General Meeting**") in its 17th and 18th resolutions in order to carry out a capital increase, without preferential subscription right of the shareholders and in favor of a category of investors people.

In accordance with the provisions of articles L. 225-129-5, R. 225-116 and R. 225-117 of the French Commercial Code, we have drafted this supplemental rapport in order to inform you on the terms of this transaction.

1 Terms of the transaction

1.1 General Meeting

The General Meeting, in its 17th resolution, delegated to the Board of Directors its competence, to issue ordinary shares of the Company and/or securities giving access to the Company's capital, without preferential subscription rights to the shareholders, and to a category of beneficiaries, further to the conditions below:

1. "Delegates its authority to the Board of Directors to decide to increase the share capital, without shareholders' preferential subscription rights, once in full or in various installments, for an overall nominal amount of €2,250,000 (or, on the basis of the current nominal value of the Company's shares, equal to €0.25, a maximum amount of 9,000,000 shares), by the issue of shares and any other securities giving access to the capital of the Company, the said shares granting the same rights as previously issued

shares subject to their dividend entitlement date (date de jouissance), in euros or any other currencies determined by reference to several currencies, in France or abroad, it being specified that this amount will be included in the overall nominal cap amount of €2,250,000 set forth in the twenty-first resolution of this Shareholders' Meeting and that this overall nominal amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital; it being specified that the Board of Directors will have the option to sub-delegate all necessary powers to decide, implement or postpone the share capital increase to the Managing Director or, with his prior approval, to one or more of Deputy Managing Directors, under the conditions set forth by law;

2. Decides that any issuance of preferential shares and securities giving access to preferential shares is expressly excluded from such issuance;
3. Also delegates its authority to the Board of Directors for the purpose of deciding on the issuance of securities entitling their holder to debt securities giving access to share capital of the Company to be issued;
4. Decides that the overall nominal amount of securities representing debt securities giving access to the share capital of the Company or to debt securities that could potentially be issued pursuant to this delegation will amount to a maximum of €200,000,000 or to the exchange value of this amount in the event of an issuance carried out in any currency or in any other currency unit set through reference to a number of currencies;
5. Decides to suppress the preferential subscription right of shareholders to the securities to be issued pursuant to this resolution and to reserve the subscription right to industrial or commercial companies of the pharmaceutical/biotech sector or investment fund companies or fund management companies or collective savings managing funds of French or foreign law or any other legal entity (including trust) or physical person, investing in the pharmaceutical/biotech sector, likely to invest in a private placement, as well as to investment services providers of French or foreign law likely to secure such a transaction, in accordance with the provisions of article L. 411-2 II of the French *Code monétaire et financier* for French investors ("qualified investors" as defined in article D. 411-1 of the French *Code monétaire et financier* and "restricted circle of investors" as defined in article D. 411-4 of the French *Code monétaire et financier* and with equivalent dispositions for foreign investors;
6. Acknowledges that, for the benefit of holders of securities issued pursuant to this resolution and giving access to the share capital of the Company, this delegation of authority automatically implies shareholders' renunciation of their preferential

subscription right to shares or securities giving access to the share capital that these securities grant rights;

7. Decides that the Board of Directors will set the list of the beneficiaries within the category of beneficiaries mentioned above to the benefit of which the preferential subscription right have been suppressed and will set the characteristics, the amount and the terms of any issue as well as the terms and conditions for paying up the issued shares. In particular, it will determine the number of shares to be issued to each beneficiary and will set, given the information contained in its report, the subscription price of such securities, their entitlement date, provided that the sum received or to be received by the Company for each share issued under this delegation shall be at least equal to the volume-weighted average (in the central order book and excluding off-market block trades) of the Company's share price quotation selected from a period comprising between five and thirty stock market trading days in a row consecutive sessions among the last thirty stock market trading days preceding the date upon which the issuance price is set, it being specified that this average could be adjusted, if necessary, to account for the different dividend entitlement date (date de jouissance) and potentially be discounted by a maximum amount of 15%;
8. The Board of Directors will have the option under the terms set out in paragraph 1, to sub-delegate to the Managing Director and, with his prior approval, to one or more Deputy Managing Directors, the duty to take all or part of the decisions mentioned above and, as the case may be, in accordance with indicative parameters which it may have adopted;
9. Specifies that the last thirty stock market trading days above are those that will immediately precede the determination of the issuance price of the ordinary shares, such determination to take place, if necessary, at the close of the period during which investors are placing firm or indicative subscription orders (such period being the "bookbuilding" period) and therefore to reflect the price of such orders;
10. Acknowledges that this delegation voids, from this day, any prior delegation of authority having the same purpose, i.e., any delegation given to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital of the Company without preferential subscription rights and in benefit of the category of persons above mentioned (it being specified, as necessary, that this resolution does not have the same object as the fifteenth resolution). This delegation therefore voids the delegation granted by the Shareholders' Meeting held on June 16, 2017 pursuant to its thirteenth resolution; and
11. Acknowledges that, in the event of use by the Board of Directors of the delegation of authority granted by this resolution, the Board of Directors shall report to the following ordinary shareholders' meeting, in accordance with the law and regulations, regarding the use made of the delegation of authority granted by this resolution.

12. The authorization granted to the Board of Directors pursuant to the resolution is valid for a term of 18 months as from the date of this Shareholders' Meeting.

The General Meeting, in its 18th resolution, authorized the Board of Directors, in the event of a capital increase, with or without preferential subscription rights, to increase by 15% the number of securities to be issued, under the conditions set forth below:

1. "Authorizes the Board of Directors, with the option to sub-delegate to the Managing Director or, with his prior approval, to one or more of Deputy Managing Directors, under the conditions set forth by law, to increase the number of securities to be issued for each of the issuances, with or without shareholders' preferential subscription rights, decided upon pursuant to the thirteenth, fourteenth, fifteenth and seventeenth resolutions of this Shareholders' Meeting within thirty days following the closing of the subscription period, up to a limit of 15% of the initial issuance, and at the same price as the price retained for the initial issuance; and
2. Decides that the maximum nominal amount of the capital increases that could potentially be carried out pursuant to this delegation of authority will be included in the overall nominal share capital increase cap set by the twenty-first resolution of this Shareholders' Meeting."

1.2 Board of Directors of March 13, 2019

On March 13, 2019, the Board of Directors of the Company unanimously decided, confirming that the capital was fully paid up and making use of the delegation of authority granted to it by the General Meeting, a capital increase, without preferential subscription rights for the shareholders of the Company, for the benefit of the category of persons referred to in the 17th resolution of the General Meeting, in accordance with the provisions of article L.225-138 of the French commercial code, including (i) an offer of ordinary shares of the Company in the form of American depository shares (« **ADS** ») in the United States (the "**ADS Offering**"), which would be listed on the Nasdaq Global Select Market in the United States ("**Nasdaq**") and (ii) a private place of ordinary shares of the Company to institutional investors in Europe (including France) and certain other countries (with the exception of the United States) (the "**Private Placement**") for a maximum cash amount, issuance premium included, of USD\$175 million or the equivalent amount in Euro (which could be increased by a maximum of 15% in case of the exercise of the Over-Allotment Option granted to the underwriters (the "**Capital Increase**") by the issuance of new shares with a nominal value of €0.25 each (the "**New Shares**").

In addition, the Board of Directors has also unanimously decided on the principle of an additional capital increase under an over-allotment option (the "**Over-Allotment Option**") granted to the underwriters pursuant to an underwriting agreement amongst the Company and the underwriting banks in the Capital Increase, allowing for the issuance of additional new ordinary shares (which may take the form of ADS or not) for an aggregated amount representing up to 15% of the maximum number of New Shares (the "**Additional New Shares**", and with the New Shares, the "**Shares to be Listed**"), at the same subscription price as the New Shares, provided that:

- the Over-Allotment Option would be exercisable in accordance with the provisions of article L. 225-135-1 of the French commercial code during the 30 calendar days following the signature of the aforementioned underwriting agreement, and
- would bring, if exercised, the total amount of the Capital Increase, issuance premium included, to USD\$201.25 million or the equivalent in euros.

Then, the Board of Directors unanimously decided to subdelegate to the Chairman and CEO the power to:

- decide the launch of the Capital Increase;
- finalize and sign the different draft prospectuses that would be filed with the U.S. Securities and Exchange Commission (the « **SEC** ») and approved by the SEC between now and the Capital Increase;
- finalize and sign the French Prospectus which will be submitted to a visa of the French financial markets authority or the Autorité des Marchés Financiers (the « **AMF** ») ;
- request, as necessary, a trading halt of the Company's securities on the regulated market of Euronext in Paris (« **Euronext Paris** ») during all or part of the Capital Increase period and following the setting of the price of the Capital Increase;
- decide the final number of New Shares;
- decide the maximum number of Additional New Shares that could be issued in the event the Over-Allotment Option is exercised by the underwriters;
- set the final subscription price in euros (including issuance premium) of the Private Placement and decide the final subscription price for the ADS in dollars for the ADS Offering, as well as the corresponding USD/euro exchange rate;
- set the precise list of beneficiaries in the category of beneficiaries referenced in the 17th resolution of the General Meeting;
- determine, in light of the depositary certificate, the completion of the capital increase by issuance of New Shares and, as necessary, and in light of the depositary certificate, the completion of the capital increase by issuance of Additional New Shares;
- carry out any subsequent changes to the by-laws in order to reflect the Capital Increase;
- carry out any formalities required to ensure the listing of the Shares to be Listed on Euronext Paris and the listing of the ADSs on Nasdaq;
- to charge, on his own initiative, all or part of the costs of the capital increase to the amount of the issue premium;
- as necessary, decide to postpone or cancel the Capital Increase; and
- generally, to carry out all acts and formalities, to take all decisions and to enter into all agreements useful or necessary to duly carry out the issuance, and more generally to do the necessary in such matter;

Finally, the Board of Directors unanimously decided to delegate to the Chairman and Chief Executive Officer all powers, with the option of subdelegation, to negotiate the definitive terms and to sign in the name and on behalf of the Company, the Underwriting Agreement (the "**Underwriting Agreement**") to be entered into with SVB Leerink LLC ("**SVB Leerink**") and Barclays Capital Inc. ("**Barclays**" and together with SVB Leerink, the "**Representatives**") as Joint Global Coordinators of the Capital Increase and Lead Bookrunners of the ADS Offering, (ii) Roth Capital Partners ("**Roth Capital**") and HC Wainwright & Co. as co-managers of the ADS Offer and (iii) Bryan, Garnier & Co. Limited ("**Bryan Garnier**") and Natixis as Joint Lead Bookrunner of Private Placement (together, the "**Underwriters**") and to negotiate the definitive terms and to sign in the name and on behalf of the Company, the depositary agreement drawn up in English and entitled "Deposit Agreement" (the "**Deposit Agreement**") to be entered into with the Bank of New York Mellon.

1.3 Decisions of the Chairman and CEO on March 26, 2019

On March 26, 2019, the Chairman and CEO, in light of the results of the transaction and acting within the subdelegation accorded to him by the Board of Directors by decision on March 13, 2019, in a first decision:

- Decided to select five consecutive trading days following the last 30 trading days preceding the determination of the subscription price for the Capital Increase, i.e., the 14, 15, 18, 19 and 20 February 2019, and determined that the volume weighted average price for those days was €19.81;
- Determined that the USD/EUR exchange rate published by the European Central Bank on that day was USD 1.1291 per euro and decided to use that exchange rate for the Capital Increase;
- Determined that following the roadshow and bookbuilding marketing efforts, and in light of the success of the transaction, the Underwriters recommended, after comparing the offer of securities and subscription commitments and the orders received from investors according to the bookbuilding technique, to set the definitive subscription price by ADS in the context of the ADS Offering (each representing a New Share) at USD\$20.32 (issuance premium included) corresponding to a price per New Share of €18.00 (issuance premium included) (on the basis of the exchange rate mentioned above), and corresponding to a discount of 9.14% off the volume weighted average price of the share mentioned above, in accordance with the limits set by the General Meeting and the Board of Directors;;
- Decided to set the final subscription price in USD of one (1) ADS at USD\$20.32 (the “**ADS Subscription Price**”), each ADS representing one (1) New Share;
- Decided to set the final subscription price in euros of each New Share at €18.00 (the “**New Share Subscription Price**”), corresponding to the equivalent in euro of the final subscription price in USD of one (1) ADS, this equivalent having been determined on the basis of the exchange rate mentioned above;
- Decided, in accordance with the 17th and 18th resolutions of the General Meeting:
 - (i) To increase the share capital in a total amount of €119,679,302.10, of which €1,662,500.00 of nominal and €118,016,802.10 of issuance premium, by the issuance of 6,650,000 New Shares (of which 6,150,000 shares represent the ordinary shares underlying the ADSs in the context of the ADS Offering), of €0.25 nominal unitary value, to be subscribed in cash (i) at the New Share Subscription Price or (ii) the ADS Subscription Price, and to be entirely paid-up upon subscription ; and
 - (ii) An additional capital increase, in the event of the full exercise of the Over-Allotment Option, of a total maximum amount in cash of €17,951,642.90 of which €249,375.00 of nominal and €17,702,267.90 of issuance premium by the issuance of a maximum number of 997,500 Additional New Shares (which could take the form of ADSs or not, at the choice of the Underwriters) €0.25 nominal unitary value to be subscribed in cash (i) at the New Share Subscription Price or (ii) the ADS Subscription Price, and to be entirely paid-up upon subscription n ;
- Specified that the New Shares in the Private Placement shall be delivered to Bryan Garnier & Co. Limited and Natixis as billing and delivery agents for the Private Placement to investors in accordance with the terms of the Underwriting Agreement;

- Specified that the ADSs issued against the underlying New Shares in the context of the ADS Offering and, as necessary, the additional ADSs issued against the underlying Additional New Shares, shall be delivered by Bank of New York Mellon to the investors identified by Barclays Capital Inc. acting as billing and delivery agent for the settlement of the ADS Offering, in accordance with the terms of the Underwriting Agreement and Deposit Agreement;
- decided that the subscriptions and payments of the funds will be centralized with BNP Paribas Securities Services, acting as custodian of the Company, which will draw up the depositary's certificate in accordance with the provisions of Article L. 225-146 of the French Commercial Code, being specified that this certificate will be established by BNP Paribas Securities Services on the basis of the sum of (i) the equivalent in euros (calculated on the basis of the exchange rate referred to above) of the amount of the subscription payments made in USD in the context of the ADS Offering and (ii) the amount in euros of the subscriptions paid in euros under the Private Placement;
- decided to request the listing of the New Shares, and as necessary, the Additional New Shares, on Euronext Paris, and
- decided to request the listing of the ADS, and as necessary, the additional ADSs on Nasdaq.

On the same day, the Chairman and Chief Executive Officer, in accordance with the 17th resolution of the General Meeting, has in a second decision (i) decided after consultation with the Underwriters and on the basis of the investor letters signed by the investors in the context of the ADS Offering and the Private Placement, to approve, in accordance with the provisions of article L.225-138 I paragraph 2 of the French Commercial Code, the list of subscribers of New Shares within the category of beneficiaries referred to in the 17th resolution of the General Meeting and (ii) noted that the Underwriters, which would subscribe for Additional New Shares in the event of exercise of the Over-Allotment Option, would fall into the category of beneficiaries referred to in the 17th resolution of the General Meeting.

1.4 Decision of the Chairman and Chief Executive Officer of March 28, 2019

On March 28, 2019, the Chairman and CEO, having received the letter sent to the Company by the Representatives requesting the exercise in full of the Over-Allotment Option:

- Decided an additional capital increase for a total cash amount of €17,951,642.90 of which €249,375.00 in nominal and €17,702,267.90 of issuance premium by the issuance of 997,500 Additional New Shares (which could take the form of ADSs or not, upon the decision of the Underwriters), of €0.25 nominal unitary value;;
- Decided that, in accordance with the provisions of article L. 225-135-1 of the French Commercial code, the subscription price of the Additional New Shares shall be €18 (corresponding to the equivalent in euro of the subscription price in USD of one (1) ADS, i.e., USD\$20.32);
- Decided that the Additional New Shares shall be fully paid up in cash at the time of their subscription, which should occur on March 29, 2019; ;
- Decided that the centralization of the amounts paid corresponding to the Additional New Shares shall be ensured by BNP Paribas Securities Services; and
- Decided to set, in accordance with the provisions of article L.225-138 I paragraph 2 of the French commercial code, the list of investors of the Additional New Shares within the category of beneficiaries covered by the 17th resolution of the General Meeting.

2 Impact of the issuance on the portion of shareholders' equity per share

For reference, the impact of the issuance on the portion of the Group's consolidated shareholders' equity per share (calculated on the basis of consolidated shareholders' equity, Group share, as shown in the consolidated financial statements for the year ended December 31, 2018 and the shares comprising the share capital of the Company after deducting the treasury shares) is as follows:

	Portion of Shareholders' Equity Per Share (in euros)	
	Undiluted basis	Diluted basis ⁽¹⁾
Before issuance of New Shares ⁽²⁾	€0.67	€5.53
After issuance of 6,650,000 New Shares and without exercise of the Over-Allotment Option	€3.42	€7.15
After issuance of 6,650,000 New Shares and 997,500 Additional New Shares following the exercise in full of the Over-Allotment Option	€3.76	€7.36

(1) In the event of (i) exercise of all of the warrants (BSA), redeemable warrants (BSAAR), free shares and stock options outstanding and (ii) conversion into new shares of the Company of all of the convertible bonds issued on 16 October 2017 (OCEANEs) on the basis of the current conversion ratio of one (1) OCEANE of €29.60 unitary par value for one (1) new share.

(2) Number of shares in the share capital prior to the transaction.

3 Impact of the issuance on the shareholder

For reference, the impact of the issuance on the shareholding of a shareholder holding 1% of the Company's share capital prior to the issuance and not subscribing thereto (calculations made on the basis of the number of shares making up the share capital at December 31, 2018, after having deducted the treasury shares) is the following:

	Share of capital in %	
	Undiluted basis	Diluted basis ⁽¹⁾
Prior to issuance of New Shares ⁽²⁾	1.00 %	0.83 %
After issuance of 6,650,000 New Shares and without exercise of the Over-Allotment Option	0.82 %	0.70 %
After issuance of 6,650,000 New Shares and 997,500 Additional New Shares following the exercise in full of the Over-Allotment Option	0.80 %	0.69 %

(1) In the event of (i) exercise of all of the warrants (BSA), redeemable warrants (BSAAR), free shares and stock options outstanding and (ii) conversion into new shares of the Company of all of the convertible bonds issued on 16 October 2017 (OCEANEs) on the basis of the current conversion ratio of one (1) OCEANE of €29.60 unitary par value for one (1) new share.

(2) Number of shares in the share capital prior to the transaction.

4 Theoretical impact of the issuance and the conversion into new shares of all of the Convertible Bonds on the current market value of a Company share

The theoretical impact on the current market value of a Company share as calculated on the average of the 20 trading sessions preceding the issuance is the following:

	Theoretical impact	
	Undiluted basis	Diluted basis ⁽¹⁾
Prior to issuance of New Shares ⁽²⁾	€22.61	€23.65
After issuance of 6,650,000 New Shares and without exercise of the Over-Allotment Option	€21.50	€22.55
After issuance of 6,650,000 New Shares and 997,500 Additional New Shares following the exercise in full of the Over-Allotment Option	€21.38	€22.42

(1) In the event of (i) exercise of all of the warrants (BSA), redeemable warrants (BSAAR), free shares and stock options outstanding and (ii) conversion into new shares of the Company of all of the convertible bonds issued on 16 October 2017 (OCEANEs) on the basis of the current conversion ratio of one (1) OCEANE of €29.60 unitary par value for one (1) new share.

(2) Number of shares in the share capital prior to the transaction.

The theoretical impact of the issuance of the 7,647,500 ordinary shares in the context of the transaction at an issuance price of €18.00 (issuance premium included) on the market value of the share is calculated as follows:

Share price before the transaction = average of the last 20 closing prices of the Company share prior to setting the price. This price is €22.61 in the context of the transaction.

Theoretical share price after the transaction = [(average of the last 20 closing share prices before setting the price x number of shares before the transaction) + (issuance price x number of new shares) – issuance costs] / (number of shares before the transaction + number of new shares).

This theoretical approach is provided for information purposes only and is not necessarily indicative of the future evolution of the stock.

5 Statutory Auditors Report

In accordance with the provisions of 'article R. 225-116 of the French commercial code, the Company's statutory auditors shall prepare a report on the transaction, after having confirmed that the terms of the transaction are in accordance with the authorization given by the General Meeting and the information provided to it. In their report, the statutory auditors will also provide their opinion of the choice of the different components of the calculation of the price of the Capital Increase and on the final amount, as well as on the impact of the Capital Increase on the Company's shareholders.

6 Availability of this supplemental report

This report, as well as the supplemental report of the Company's statutory auditors, shall be available for shareholders to consult at the Company's registered office and brought to the shareholders' attention at the next General Meeting.

The Board of Directors