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# SHAREHOLDERS LETTER

N° 10 - October 2019



## Dear Shareholders,

The Company will hold a Shareholders' Meeting on November 27, 2019. The objective of this letter is to address certain resolutions that the Board of Directors will be presenting to the shareholders.

Prior to the Shareholders Meeting, shareholders are encouraged to review the agenda and proposed resolutions, which can be found on the [GENFIT website](#). These documents provide information about the resolutions and the rationale behind the proposals. In particular, we invite shareholders to reference the Report of the Board of Directors to the Shareholders Meeting, specifically the Say-on-Pay report and information regarding the compensation policy for the Chairman of the Board and the Chief Executive Officer.

Below, we have provided additional clarifications detailing the purpose for convening the meeting and the resolutions.

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# 1. What is the purpose of the GENFIT Shareholders Meeting on November 27, 2019?

Following the Board of Director's decision in early September 2019 to separate the positions of Chairman of the Board of Directors and Chief Executive Officer, GENFIT must hold a shareholders' meeting.

In accordance with French law "Sapin II", GENFIT must submit a new Say-on-Pay report, for the shareholders to vote on, which specifies the compensation package for the remainder of the 2019 fiscal year for the Chairman of the Board and the Chief Executive Officer. With respect to the Chairman of the Board, this new report will replace, for the remainder of the 2019 fiscal year, the report that was approved by the shareholders in June 2019.

It is important to note that no variable compensation (bonus) and no equity incentives (stock options or free shares) will be granted to the Chairman of the Board or to the Chief Executive Officer before the approval of the new compensation policy, which will be submitted to the shareholders at the Annual Shareholders' Meeting in 2020. The two corporate officers will receive only the fixed compensation that is being proposed at the upcoming November 27th, 2019 Shareholders' Meeting, should the shareholders approve this proposal.

Pursuant to French law, the compensation policy for the corporate officers (including compensation and other advantages) for the 2020 fiscal year will be submitted to the shareholders for approval at the Annual Shareholders' Meeting, which will take place in late Spring 2020.

# 2. Who are the beneficiaries of the stock options, free shares and warrant plans?

GENFIT has also submitted to the shareholders, resolutions to authorize the Board of Directors to issue stock options, free shares and warrants. The stock options and free shares plans will not only benefit all of the existing employees, but they will also help in attracting new talent necessary for achieving our corporate objectives, and aid in the retention of current talent by providing employees with ownership in GENFIT's future potential successes. The vesting of these plans is subject to performance conditions that are measured after a period of three years.

The issuance of warrants follows the same logic as the stock options and free shares, and will enable GENFIT to attract and retain scientific consultants.

Aside from these resolutions, no other authorizations to increase the share capital are being proposed to the shareholders.

As indicated above, no stock options or free shares will be allocated to the Chairman of the Board or the Chief Executive Officer before the approval of a new compensation policy, to be proposed at the 2020 Annual Shareholders' Meeting. The issuance of equity incentives enables corporate growth while maintaining the Company's cash position.

The prior equity authorizations granted to the Board by the shareholders during the June 2018 meeting were allocated in full in July 2019. The Board of Directors is requesting that the Shareholders renew these authorizations for a period of 38 months, with the goal of preparing the Company for the pivotal months ahead.

### 3. What is the purpose of the share buyback program?

The authorization for GENFIT's share buyback program, which was granted by the shareholders in June 2018, was for period of 18 months and will expire in December 2019. The proposal is calling for the renewal of the resolution under the same terms as those in June 2018, and would allow GENFIT to extend the Company's current liquidity contract for the Euronext market.

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Additional information on how to participate in the November 27th Shareholders' Meeting or for any technical inquiries please call the toll-free number 0800-940651 (in France) or +33 (0)1 70 61 48 28 (from abroad), Monday to Friday from 10 am - 7pm CET.

We hope that this letter has provided clarity on the key agenda topics for the November 27th, 2019 Shareholders meeting and look forward to your attendance.

Jean-François Mouney  
Chairman of the Board of Directors

Pascal Prigent  
Chief Executive Officer

## STOCK INFORMATION

Euronext Paris - Compartiment B  
Ticker: GNFT  
ISIN code: FR0004163111

NASDAQ  
Ticker : GNFT  
ISIN code: US3722791098

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 GENFIT

**DISCLAIMER** - This shareholders' letter contains certain forward-looking statements, including those within the meaning of the Private Securities Litigation Reform Act of 1995, with respect to Genfit, including GENFIT's potential to attract and retain scientific consultants, and to achieve our corporate objectives. 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 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 4 "Main Risks and Uncertainties" of the Company's 2018 Registration Document filed with the AMF on February 27, 2019 under n° D.19-0078, which is available on GENFIT's website ([www.genfit.com](http://www.genfit.com)) and on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and public filings and reports filed with the U.S. Securities and Exchange Commission ("SEC"), including the Company's final prospectus dated March 26, 2019, 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.