French société anonyme with a Board of Directors, and a share capital of EUR 7,791,609.25
Split up into 31,166,437 shares of nominal value € 0.25 each
Registered offices located at: Parc Eurasanté, 885, avenue Eugène Avinée, 59120 Loos, FRANCE
Registered in the Lille Métropole Trade and Companies Registry under number 424 341 907

2017 REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT, THE MANAGEMENT REPORT AND THE CORPORATE GOVERNANCE REPORT

The English version of this Registration Document is a free translation of the official "Document de Référence" prepared in French and registered on April 27, 2018 with the Autorité des marchés financiers (French financial markets regulator, hereinafter the "AMF") under number R.18-032, pursuant the terms of the AMF's General Regulations and, in particular, its Article 212-3. This document can only be used in support of a financial transaction if combined with a securities note approved by the AMF. This document was prepared by the issuer and is binding on its signatories.
In accordance with the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code, the registration of the French document was carried out after verification by the AMF that "the document is complete and comprehensible, and the information contained therein is consistent." It does not imply that the AMF has verified the accounting and financial information presented therein.

Incorporation by reference:
Pursuant to the terms of Article 28 of European Regulation 809/2004, the following items are incorporated by referenced in this Registration Document:

- Chapter 9 – "Operating and financial review", Chapter 10 – "Capital resources", the consolidated financial statements published in accordance with IFRS as adopted in the European Union for the year ended December 31, 2016, as well as the report of the statutory auditors presented respectively on pages 180 and subsequent and 148-150 o of the Registration Document registered under number R.17-034 on April 28, 2017; and
- Chapter 9 – "Operating and financial review", Chapter 10 – "Capital resources", the consolidated financial statements published in accordance with IFRS as adopted in the European Union for the year ended December 31, 2015, as well as the report of the statutory auditors presented respectively on pages 66 to 72, 73 to 76, 119 to 156 and 156 to 158 of the Registration Document registered under number R.16-062 on June 29, 2016.

Copies of the Registration Document are available free of charge from GENFIT S.A. at Parc Eurasanté, 885 Avenue Eugène Avinée, 59120 Loos, FRANCE, as well as on the websites of both GENFIT (http://www.genfit.com) and the AMF (http://www.amf-france.org).

**This Registration Document has been translated in English for information only. In the event of any differences between the French text and the English text, the French language version shall supersede.*

NOTE

In this Registration Document, unless otherwise indicated, "GENFIT", the "Company" or the "Group" refers to the group of companies made up of GENFIT S.A., and its two subsidiaries.

Forward-looking information

This Registration Document contains statements regarding the Group's business prospects and development. These statements are sometimes identified by the use of the future or conditional tense or terms of a forward-looking nature such as "consider," "plan," "think," "have as an objective," "expect," "intend," "should," "aim to," "estimate," "believe," "desire," "could," or, where applicable, the negative form of these terms or any other variant or similar terminology. Such information is mentioned in various sections of this Registration Document and contains data related to the intentions, estimates and objectives of the Group concerning, in particular, the market in which it operates, its business strategy, its growth, its results, its financial position, its cash flow, and its forecasts. Such information is not historical data and must not be interpreted as a guarantee that any projected facts and data will effectively occur. Such information is based on data, assumptions, and estimates that the Company deems reasonable. It is subject to change or to be amended due to uncertainties associated with, in particular, the applicable economic, financial, competitive, and regulatory environment, which could yield significantly different results than those described, deduced, or projected in said forward-looking statements.

Market information

This Registration Document and, in particular, Section 6 "Business Overview" of this Registration Document, contains information relating to the markets in which the Group does business and its competitive market position. This information stems, in particular, from studies carried out by external entities. Publicly available information that the Company considers reliable has not been verified by an independent expert and the Company cannot guarantee that a third party using different methods to collect, analyze, or calculate such market data would obtain the same results. Furthermore, the Group's competitors may define markets differently.

Risk factors

The risk factors that could have an impact on the Group's business activities are described in Section 4 "Risk Factors" of this Registration Document. The materialization of all or part of these risks could potentially have an adverse effect on the Group's business activities, results, financial position, or objectives. In addition, other risks that the Group has either not yet identified or not deemed significant could also produce the same adverse effect and investors may lose all or part of their investment.

The forward-looking information mentioned in this Registration Document is provided solely as of the date of this Registration Document.

1. PERSON RESPONSIBLE

1.1. NAME AND TITLE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Jean-François Mouney, Chairman and Chief Executive Officer.

1.2. STATEMENT FROM THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

"After having taken all reasonable measures thereto, I hereby certify that the information contained in this Registration Document is, to my knowledge, true and accurate, and contains no omission likely to affect its scope or significance.

I hereby declare, to the best of my knowledge, that the financial statements have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the assets, financial position and results of the Company and all of the entities within the scope of consolidation, and that the information included in the management report contained and as indicated in the correspondence table provided in section 26.1 -Management Report correspondence table in this Document fairly reflects the changes in the Company's turnover, results and financial position and of all of the consolidated entities as well as a description of the principle risks and uncertainties that they are faced with.

I have received a completion-of-work letter (lettre de fin de travaux) from the Statutory Auditors in which they state that they have verified the information relating to the financial position and financial statements contained in this Registration Document and that they have read this Registration Document in its entirety."

Loos, France, on April 27, 2018
Jean-François MOUNEY
Chairman and Chief Executive Officer

2. STATUTORY AUDITORS

2.1. PERMANENT STATUTORY AUDITORS

ERNST & YOUNG ET AUTRES

Represented by:	Mr Franck Sebag
Address:	1-2 place des Saisons - 92400 COURBEVOIE – PARIS LA DEFENSE 1
Initial term of office began on:	Ordinary Shareholders' Meeting dated June 26, 2012
Expiration date of current term of office:	Annual Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ended December 31, 2017

Ernst & Young et Autres was appointed upon expiration of Ernst & Young Audit's term of office, the latter of which was, at that time, represented by Mr. Franck Sebag, who was appointed Statutory Auditor when the Company was created and whose appointment was renewed at the General Shareholders' Meeting dated June 27, 2006.

GRANT THORNTON

Represented by:	Mr Jean-François Baloteaud
Address:	100 rue de Courcelles – 75017 Paris
Initial term of office began on:	Ordinary Shareholders' Meeting dated June 20, 2014
Expiration date of current term of office:	Annual Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ended December 31, 2017

Grant Thornton was appointed following the resignation of Audit & Commissariat Aine & Deldique, the latter of which was, at that time, represented by Mr. Rémy Aine, who was appointed Statutory Auditor at the Ordinary Shareholders' Meeting dated June 27, 2006 and whose appointment was renewed at the General Shareholders' Meeting dated June 26, 2012.

On February 16, 2016, Grant Thornton informed the Company that Mr. Jean-Pierre Colle, who until then represented Grant Thornton, was replaced by Mr. Jean-François Baloteaud.

2.2. ALTERNATE STATUTORY AUDITORS

AUDITEX

Represented by:	Mr Pierre Jouanne
Address:	1-2 place des Saisons - 92400 COURBEVOIE – PARIS LA DEFENSE 1
Initial term of office began on:	Ordinary Shareholders' Meeting dated June 26, 2006
Expiration date of current term of office:	Annual Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ended December 31, 2017

INSTITUT DE GESTION ET D'EXPERTISE COMPTABLE - IGEC

Represented by:	Mr Vincent Papazian
Address:	3 rue Léon Jost - 75017 Paris
Initial term of office began on:	Ordinary Shareholders' Meeting dated June 20, 2014
Expiration date of current term of office:	Annual Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ended December 31, 2017.

2.3. INFORMATION ON STATUTORY AUDITORS HAVING RESIGNED, BEEN DISMISSED, OR NOT REAPPOINTED

None.

3. SELECTED FINANCIAL INFORMATION

The main financial information presented below originates from the Group's consolidated financial statements for the fiscal years ended December 31, 2017 and 2016 prepared in accordance with the IFRS adopted by the European Union, presented in section 20.1 – "Historical consolidated financial information under IFRS" of this Registration Document.

This financial information must be read in tandem with the information contained in Section 9 – "Operating and financial review", Section 10 – "Capital resources", and Section 20 – "Financial information" of this Registration Document

Simplified consolidated statement of financial position

Condensed consolidated statements of operations	Year ended		
(in € thousands)	2015/12/31	2016/12/31	2017/12/31
Revenues and other income	4 358	6 783	6 856
Operating loss	(17 676)	(34 158)	(56 695)
Financial loss	542	526	(1 526)
Income tax	(0)	(35)	(384)
Net loss	(17 135)	(33 667)	(58 604)

Simplified consolidated statement of operations

Condensed consolidated statements of financial position	As of		
(in € thousands)	2015/12/31	2016/12/31	2017/12/31
Non-current assets	**2 505**	**4 219**	**9 611**
Of which : Intangible assets	563	668	636
Of which : Property, plant & equipment	1 324	3 010	6 324
Of which : Non current trade & others receivables	7	0	1 921
Of which : Other non-current financial assets	612	541	729
Current assets	**66 753**	**161 996**	**283 572**
Of which : Current trade & others receivables	5 998	8 394	7 955
Of which : Other current assets	585	1 137	1 761
Of which : Cash & cash equivalents	60 111	152 277	273 820
Total assets	**69 258**	**166 214**	**293 183**
Equity	**55 416**	**142 797**	**104 229**
Of which : Share capital	5 990	7 792	7 792
Of which : Share premium	118 038	237 305	257 580
Of which : Retained earnings	(51 492)	(68 654)	(102 531)
Of which : Net loss	(17 135)	(33 667)	(58 604)
Non-current liabilities	**5 229**	**5 855**	**161 848**
Of which : Non-current convertible loan	0	0	153 611
Of which : Other non-current loans & borrowings	4 482	5 004	6 978
Of which : Non-current employee benefits	743	849	936
Of which : Deferred tax liabilities	0	0	321
Current liabilities	**8 613**	**17 562**	**27 106**
Of which : Current convertible loan	0	0	1 329
Of which : Other current loans & borrowings	1 223	1 248	1 834
Of which : Current trade & other payables	7 292	16 146	23 580
Of which : Current provisions	69	167	361
Total liabilities	**69 258**	**166 214**	**293 183**

Simplified consolidated statement of cash flows

Condensed consolidated statements of cash flows	Year ended		
(in € thousands)	2015/12/31	2016/12/31	2017/12/31
Cash flows from operating activities	(14 870)	(27 226)	(49 856)
Cash flows from investing activities	3 496	(2 086)	(2 948)
Cash flows from financial activities	(520)	121 480	174 348
Net increase / (decrease) in cash & cash equivalents	**(11 894)**	**92 167**	**121 544**

4. RISK FACTORS

Investors are asked to consider all of the information contained in this Registration Document (including the risk factors described in this Section) before deciding whether to purchase or subscribe for shares in the Company. While preparing this Registration Document, the Company carried out a review of the risks that could have a material adverse effect on the Group, its activity, financial situation, results, development and prospects. The Company considers that there are no significant risks other than those presented herein (see in particular the Company's risk management framework referred to in section 16.6 - Internal control of this Registration Document.

However, investors' attention is drawn to the fact that other risks could exist, which, on the date of this Registration Document, are unknown or not considered likely to have a material adverse effect on the Group, its activity, financial situation, results, development and prospects.

4.1. RISKS RELATED TO THE COMPANY'S BUSINESS

4.1.1. Risks related to research and development of new drugs and biomarkers

Risks related to research and development of new drugs and biomarkers

The development of a new drug candidate, such as those of the Company, is a long, complex and expensive process with a high failure rate.

The common development and marketing stages for a pharmaceutical product are as follows:

- Research (in vitro and in vivo tests on laboratory animals) ;
- Preclinical development (regulatory pharmacology and toxicology studies on animals) ;
- Pharmaceutical development (formulation, production and stability of the final product) ;
- Phase I clinical trials: the molecule is administered to healthy subjects in order to assess its safety, identify potential side effects and assess its tolerance at the doses administered, as well as their distribution and metabolism ;
- Phase II clinical trials are carried out on a limited population of patients affected by the disease. The objective is to provide initial proof of the drug's efficacy, determine its dosage and assess its tolerance when administered in effective doses ;
- Phase III clinical trials are conducted on a broader population of patients affected by the disease studied. The objective is to demonstrate the product's efficacy and tolerance in comparison with products already on the market or placebos, in order to compile a dossier containing sufficient data to be filed with the regulatory authorities ;
- Application for and obtaining of Marketing Authorization (MA) ;
- Commercialization ;
- Pharmacovigilance procedures to monitor the effects and safety of the products authorized ;
- Post-approval phase IV clinical trials are regularly conducted to monitor the effects and safety of the products authorized.

The Company's business and its future success largely depend on its ability to successfully develop its drug candidate, elafibranor, alone or in partnership, to obtain marketing authorization for elafibranor in the therapeutic areas that it targets and markets / or sells all or part of the marketing rights. Elafibranor is currently being evaluated in several studies

including a phase 3 study, RESOLVE-IT in NASH and a phase 2a study in CBP. The Company's business and its future success also depend on its ability to develop, alone or in partnership, its other drug candidates under the TGFTX1 and TGFTX4 programs.

Given the risks inherent in the research and development of new drugs, together with the constraints imposed by the regulatory and legal frameworks applicable to the activity, the Company cannot guarantee that the drug candidates that it is working on at present or may work on in the future will be commercialized or that there will be no delays in their development or launch on the market.

The development of new biomarkers from microRNA is also a long, complex process with multiple stages, expensive and uncertain. In particular, the Company may not have access to the patient cohorts necessary for the development of these new biomarkers. The identification of biomarkers may not lead to a diagnostic which is sufficiently dependable, sensitive and/or replicable for wide-scale use.

The success of development and commercialization of diagnostic kits based on the Company's biomarkers depends on the success in development and commercialization of the Company's drug candidates in the therapeutic areas it targets. In addition, the success in development and valorization of its biomarkers in NASH is directly related to those of the drug candidates in this indication, including the Company's elafibranor drug candidate.

4.1.1.1. Risks related to clinical trials

The results obtained from phases of preclinical trials on animals cannot systematically be transposed to humans. In addition, during phase I, II or III clinical trials, the drug candidates developed by the Company may not prove to be as effective as expected or may cause unexpected side effects or toxic effects.

Significant side effects caused by a drug candidate or the fact that it is less effective than products already on the market can be sufficient grounds for discontinuing its development. Moreover, disappointing results during the initial phases of development are often not a sufficient basis for a decision as to whether or not a project should be continued. At these early stages, sample sizes, the duration of studies and the parameters examined may not be sufficient to enable a definitive conclusion to be drawn, in which case further investigations are required and the Company's results may be negatively affected. Conversely, promising results during the initial phases, and even after advanced clinical trials have been conducted, do not guarantee that a project will be successfully completed.

The completion of clinical trials takes several years and depends on various factors, such as the therapeutic indication in question, the size of the population affected, clinical trial design, qualification and initialization of clinical trial sites, availability of the investigational product, the proximity of patients to clinical test sites, the eligibility criteria for trials, rates and ease of and competition for the recruitment of patients, and compliance with and changes in regulatory requirements.

Given these risks, the Company cannot guarantee that clinical trials that are authorized, and in particular the RESOLVE-IT Phase III trial evaluating elafibranor in NASH and the Phase II study of the same drug in PBC, will be completed within the planned timeframes. Moreover, development costs can be very effected by the above including jeopardizing the continuation of the clinical development of a drug candidate.

Should one or more of these risks materialize, this would have a material adverse effect on the impact on the timeframes for reaching certain stages of the development of the Company's programs as estimated in section 6.1 – "General Presentation" and as a result, an impact on the Company's activity, results, prospects, financial situation and development.

4.1.1.2. Risks related to the Company's regulatory environment

Within the framework of its preclinical development activities, the Company must comply with many regulations concerning safety, the use of laboratory animals, and health and environmental issues. Should these regulations change, failure to comply with them, even though the Company's Quality Assurance department has always taken such changes into account in the implementation of the Company's research and development activities, could result in consequences

for the Company such as financial penalties or the temporary suspension of its operations. Furthermore, these regulations could be tightened, which could incur additional costs or cause delays in the products' development.

Each of the research and development stages leading to the commercialization of a pharmaceutical or diagnostic product is governed by a complex regulatory and legislative process. The facilities required to implement these stages of research, development and production are thus subject to protocols, directives and regulations defined and overseen by regulatory agencies such as France's Agence Française de Sécurité Sanitaire des Produits de Santé (AFSSAPS), the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA).

These agencies and their counterparts in other countries have the authority to permit the commencement of clinical trials or to temporarily or permanently halt a study. They are entitled to request additional clinical data before authorizing the commencement or resumption of a study, which could result in delays or changes to the Company's product development plan.
Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

4.1.1.3. Risks related to obtaining marketing authorization or registration required for commercialization of a new product

The Company's drug candidates or biomarker candidates may not obtain marketing authorization (MA) for the indication sought in the countries in which the Company wants to market its products. The regulatory agencies (AFSSAPS, EMEA, FDA and other national agencies) can also request further information before granting marketing authorization, even if the molecule concerned has already been authorized in other countries. The procedure for granting marketing authorization is long and costly. The refusal by one or more agencies to deliver an MA, or a request for additional information, could compromise or adversely affect the ability of the Company or a third party to which it grants commercialization rights to market the product.

Receiving an authorization or registration required for the commercialization of new diagnostic product is also uncertain and is subject to strict and changing regulations that vary from country to country where such products are marketed.

Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

4.1.1.4. Risks related to the delay or failure of product development by the Company, or to the absence of appropriate planning control and monitoring

A drug's launch on the market exposes a large number of patients to potential risks associated with the ingestion of a new pharmaceutical product. Certain side effects, which may not have been statistically identified during phase II and III clinical trials, can then appear. This is why the regulatory agencies require companies to implement post-approval pharmacovigilance. Depending on the occurrence of serious undesirable effects, the agencies can take a drug off the market temporarily or permanently, even if it is effective and has obtained all the necessary marketing authorizations.

The legislation, regulations and directives applicable in each country are subject to change. Such changes may lead the regulatory authorities, at the recommendation of the ethics committee or even the Company itself or a third party licensed to market the drug, to suspend or definitively end a product's development or marketing in a given country. The Company cannot guarantee that there will be no change in the regulatory agencies' recommendations concerning the preclinical development of its compounds, giving rise to delays and additional costs.

All these risks result in a high level of attrition in this activity, at every stage of the process. According to data published in June 2014 by the French Pharmaceutical Companies Association LEEM (Les Entreprises du Médicament), for the preclinical

research and development stages, out of 10,000 molecules screened in exploratory research, 100 are tested during preclinical trials and only 10 reach the stage of clinical trials in phases I, II and III, and then the marketing authorization process.

So, in addition to the risk of higher-than-expected preclinical development costs, various other factors can disrupt or delay the program underway. The Company cannot, therefore, guarantee that all the drug candidates or biomarker candidates that it is working on at present or may work on in the future will effectively be commercialized or that there will be no delays in their development or launch on the market.

Should one or more of these risks materialize, this would have a material adverse effect on the Company's business, results, prospects, financial situation and development The set of procedures put in place to oversee the research and development activities, whether in terms of decision-making or project monitoring, help to mitigate this risk.

4.1.2. Risks inherent in the marketing of new products

The Company cannot guarantee the commercial success of its procedures for the granting of marketing licenses for its drug candidates or biomarker candidates. It cannot guarantee the commercial success of these products, or the commercial success of its partners, for which it collaborates in the development of these products, once the marketing authorization (MA) or authorization/registration is obtained and the product is launched on the market.

Many factors can impede the launch or commercialization of a drug candidate or biomarker candidate, including the following:

- prescribers' misperception of the product's therapeutic benefits ;
- the occurrence of too great a number of undesirable effects during treatment ;
- difficulties related to the product's administration ;
- a lack of support from "opinion leaders", i.e. leading physicians or scientists whose opinions on a product's usefulness are very influential ;
- the cost of treatment ;
- an unsuitable reimbursement policy.

A competitor could launch a drug or diagnostic product that is more effective, better tolerated or less expensive than that developed by the Company, thus disrupting its marketing.

Poor market penetration, resulting from one of these factors, could have an adverse effect on the Company's business, prospects, financial situation, results and development.

In addition, the Company has never marketed a drug candidate or diagnostic kit and may lack the expertise, personnel and resources to market its products successfully - either alone or in collaboration with partners.

At this stage, the Company does not have experience selling, marketing or distributing pharmaceutical or diagnostic products. In order to successfully commercialize any product having a MA and/ or which is authorized/registered, it must develop or acquire a sales and marketing organization and/or subcontract these functions to third parties or enter into partnerships. As a result, the Company invests and will continue to invest in significant additional resources to develop some of these capabilities and / or enter into agreements with third parties for the distribution, promotion and sale of its products.

In particular, if elafibranor obtains marketing authorization in NASH and / or PBC, the Company may decide to market elafibranor in certain territories by itself, and/or market it in other territories in collaboration with one or more pharmaceutical partner(s) and/or specialized local distributor (s). If it decides to market the product itself, it would need to

acquire its own sales and marketing capabilities, which entails risk; entering into sales or distribution agreements with a partner(s) includes risk as well. Even if the Company builds sales and marketing capabilities, it may not be able to market its products effectively. In addition, recruiting and training a sales force are expensive and time-consuming processes that can delay the launch of a product. In the event that such a launch is delayed or cannot occur for any reason, the Company would have prematurely or unnecessarily incurred marketing expenses, and its investment would be lost if it failed to retain or reposition its sales and marketing personnel.

Finally, if the Company enters into agreements with partners for the sale and marketing of its products, the revenues or profitability of these products may be less significant than if the Company itself marketed or sold the products it develops. Such collaboration agreements with partners may limit the Company's control over the marketing of its products and expose it to a number of risks, including the risk that the partner will not prioritize the marketing of the drug candidate or biomarker or does not provide sufficient resources for its commercialization. In addition, the Company may not be able to enter into, or enter into such agreements with partners but on less favorable terms.

If the Company does not successfully establish sales and marketing capabilities, either on its own or in collaboration with third parties, it may not be successful in marketing its drug candidates or biomarkers, which would have an impact significant adverse impact on its business, prospects and financial condition.

4.1.3. Risks related to potential changes in drug or diagnostic product reimbursement conditions

The Company's drug or biomarker candidates' commercial potential depends heavily on the conditions for its reimbursement.

The successful marketing of a drug or diagnostic product largely depends on the reimbursement rate granted by public health bodies, private medical insurers and other bodies concerned. Given that European governments and other bodies have spoken in favor of reducing the levels of reimbursement granted for healthcare, future reimbursement rates are a real concern. A change in the reimbursement rate or the application of a rate that is too low can seriously undermine a drug's or diagnostic product's sales performance.

The ability of the Company and/or its potential partners to obtain an acceptable reimbursement rate for its drugs from public health bodies, private payers and other bodies, will be determined in the coming years, in particular at the end of development of elafibranor in NASH, the Company's most advanced drug candidate.

Since no drug has yet been commercialized in NASH, the Company is currently working on the conditions for market access and pricing, but cannot predict the conditions of its future reimbursement.

Since no drugs are marketed in this indication, the Company cannot predict the conditions for its potential future reimbursement. However, the Company has begun internal work on market access and pricing conditions, but as of the date of this Registration Document, no discussions have been initiated with the organizations concerned since negotiations with the payers are traditionally based on the results (intermediate, or otherwise) of Phase 3 clinical trials, which are not expected to be available for elafibranor in NASH before the end of 2019.

All of these factors will have an impact on the Company and/or its potential partners to generate profits from the products concerned.

Should this risk materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

4.1.4. Risks related to the Company's signature of new partnerships to meet requirements for products that it is developing for its own account

The development and marketing of the Company's drug candidates and biomarker candidates relies partially on the Company's ability to sign partnership agreements.

The Company will not assume the full development of its drug candidates and biomarker candidates alone, but is seeking co-development agreements and/or licenses with pharmaceutical or diagnostic groups for its drug candidates and biomarker candidates.

Neither will the Company take on the marketing of its drugs or biomarkers alone, once they have obtained marketing authorization. Here again, it intends to sign distribution and marketing agreements with pharmaceutical or diagnostic industry leaders in order to optimize the launch and market penetration of its products.

The risks inherent in the signature of such contracts are as follows:

- The negotiation and signature of these agreements is a long process that may not result in an agreement being signed or that can delay the development or commercialization of the candidate drug or candidate biomarker concerned ; in particular with respect to development of drug combinations or repurposing in a new indication drugs which are already on the market;
- These agreements can be cancelled or may not be renewed by the partners, or may not be fully complied with by the partners ;
- In the case of a license granted by the Company, the Company could lose control of the development of the candidate drug or candidate biomarker thus licensed. Also, in such cases the Company would have only limited control over the means and resources allocated by its partner for the commercialization of its product;
- The partner could not prioritize the development and/or marketing of the drug candidate or biomarker.

4.1.5. Risks related to the subcontracting of certain activities

The Company depends on third parties and subcontractors to carry out its clinical trials and certain preclinical trials on its drug candidates or in which are evaluated its biomarkers.

In particular, the Company subcontracts to third parties (Contract Research Organizations or "CRO") the design and conducting of its clinical trials, as well as manufacturing of active ingredients and therapeutic units (Contract Manufacturing Organization or "CMO"). This is particularly the case in the Phase III RESOLVE-IT trial of elafibranor in NASH and the Phase II trial evaluating this same candidate in PBC.

The Company contracts external investigators to carry out its trials supervise them and collect and analyze the results obtained.

Although the Company is involved in the design of the protocols for these trials and in monitoring them, it does not control all the stages of test performance and cannot guarantee that the third parties will fulfill their contractual and regulatory obligations. In particular, a partner's failure to comply with protocols or regulatory constraints, or repeated delays by a partner, could compromise the development of the Company's products or engage its liability. Such events could also inflate the product development costs borne by the Company.

Such events could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

The Company does not currently produce the drug candidates tested during its preclinical and clinical trials. The Company has no production units and relies largely on third parties to manufacture its products (e.g. synthesizing molecules).

For example, regarding the drug candidate elafibranor, the Company uses, at the date of this Registration Document, a sole manufacturer for the active ingredient and another sole manufacturer for the therapeutic units used in its clinical trials.

This strategy means that the Company does not directly control certain key aspects of its product development, such as:

- the quality of the product manufactured;
- the delivery times for therapeutic units (pre-packaged lots specifically labeled for a given clinical trial);
- the clinical and commercial quantities that can be supplied;
- compliance with applicable laws and regulations.

If a third party breaches its obligations, the manufacturing contracts be cancelled or the Company fail to renew the contracts, the Company could use a substitute company in the event of failure or breach of a manufacturer but cannot guarantee that it will be able to find new suppliers within a timeframe and under conditions that would not be detrimental to the Company.

Nevertheless, on this point, the Company has carried out an evaluation of the elafibranor manufacturing delays and costs in the event of a disaster at the supplier of the active ingredient or at the manufacturer of therapeutic units. As a result, as of the date of this Reference Document, the Company believes that given the current inventory and drugs in production at various levels of the production chain, the short-term failure of one of these suppliers would not be critical. However, it would not be the case, at the date of this Reference Document, in the event of simultaneous failure of the storage sites of the therapeutic units used for the RESOLVE-IT study.

Although the Company has considered the risks of default of its subcontractor or end of contractual relations, and has implemented certain contingent measures and has others under review (in particular, review of organization of manufacturer and storage at additional sites and implementation of additional sources), any default by its subcontractors could result in a delay in or continuation of the clinical trials, impact the quality of the data, and therefore a delay in the commercialization of the products that it is developing.

4.1.6. Risks related to the dangerous nature of certain of the Company's activities

As part of its research and development activities for its drug candidates and biomarker candidates, the Company has to work with dangerous substances. As a result, certain of the Company's employees are exposed to chemical, biological and radiological risks. During their work, the Company's researchers notably have to:

- come into contact with radio elements, the purchase and handling of which are subject to authorization by France's Nuclear Safety and Radiation Protection Directorate (DGSNR for Direction Générale de Sûreté Nucléaire et de la Radioprotection);
- handle genetically modified organisms (GMO). Safety issues for individuals who handle these substances are overseen by the French Genetic Engineering Commission (Commission de Génie Génétique) ;
- carry out in vivo experiments on animals, which requires authorization from the French Department of Veterinary Services (DSV for Direction des Services Vétérinaires) ;
- carry out research that requires the use of human samples. This research is subject to application for authorization from the competent authorities to assess the usefulness of the research, ensure that patients have been properly informed, and assess the management of information obtained from the sampling.

Should it fail to comply with applicable laws and regulations, the Company could be subject to fines or could be forced to temporarily or permanently suspend its operations. In the event of accidental contamination, injuries or other damage, the Company could be held liable. This could be detrimental to its activity and its actual insurance coverage to cover the risks inherent in its operations could be insufficient, notably as regards the coverage of damage to Company's reputation.

The Company is also obliged to invest in healthcare, and in the environment and safety of its employees in compliance with French legislation.

Should the current legislation change, the Company could be obliged to acquire new equipment, to adapt its laboratories or to incur other significant costs.

Failure to comply with these regulations could result in serious consequences for the Company, such as substantial financial penalties, or the rejection, suspension or withdrawal of the MA for its drugs. This could result in the Company's activity and, ultimately, its results and development capacity being materially diminished.

4.1.7. Risks related to the Company's human resources management

The Company's ability to retain key persons in its organization and to recruit qualified personnel is crucial for its success. In particular, the Company's success depends heavily on its ability to retain key people in its organization, i.e. its co-founders and its principal managers, researchers and scientific advisers, notably:

- Jean-François Mouney, Chairman of the Board of Directors and Chief Executive Officer;
- Xavier Guille des Buttes, Vice-Chairman of the Board of Directors;
- Dean Hum, Chief Scientific Officer ;
- Nathalie Huitorel, Chief Financial Officer ;
- Bart Staels, President of the Scientific Advisory Board ;
- Sophie Mégnien, Chief Medical Officer.

Should the Company be unable to retain the individuals who form its team of key managers and key scientific advisors, this could have a material adverse effect on its business and development and could consequently affect its financial situation, results and prospects.

The Company's ability to recruit quality scientific, commercial, administrative or technical staff to support its growth is crucial. Since its creation, a high number of quality spontaneous applications and the Company's proximity to university communities have provided an extensive recruitment pool which has to date met the Company's recruitment needs. In addition, in order to attract new talents and retain its personnel, the Company has put in place stock option and free share plans, with all employees eligible for the latter. The Company cannot, however, guarantee that these favorable conditions will remain in place. Nor can it fully guarantee the sustainability of its attractiveness to candidates.

4.1.8. Risks related to competition

The Company operates within a highly competitive sector.

Several companies in the biotechnology sector and large pharmaceutical groups are working on technologies, therapeutic targets or drug or biomarker candidates that aim to treat or diagnose the same diseases or identify the same patient population as the Company. In particular, the NASH market has been attracting increasing interest from larger pharmaceutical companies over recent years, with an increasing number of transactions, whether mergers or licensing

agreements, with smaller biotech companies. As a result, the NASH market now includes big pharmaceutical laboratories such as Allergan (following the Tobira acquisition), Gilead Science and Novartis (via Conatus), and biotechnology companies like Genfit, Intercept Pharmaceuticals or Inventiva Pharma, which have been developing drug candidates specifically in this indication for many years (see in particular section 6.6.6 – "Market and competition for elafibranor").

Although the Company is pleased with the interest the NASH market has generated, this situation nevertheless creates congestion in enrolling patients that could lead to delays in the Phase III RESOLVE-IT calendar. In addition, some of these competitors have greater resources or experience in clinical development, management, manufacturing, marketing and research than the Company.

If competing products were marketed before those of the Company, or at lower prices, or covering a wider therapeutic spectrum, or if they proved to be more effective or better tolerated, the Company's activity and development prospects and, ultimately, its results and financial situation would certainly be penalized.

4.2. LEGAL RISKS

4.2.1. Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights

The Company cannot guarantee:

- that it will obtain the patents that it has applied for and that are under review, that it will be able to develop new patentable inventions, or that ill will obtain patents to protect such new inventions ;
- that there is no risk of the patents belonging to the Company or licensed by it to third parties being challenged or invalidated by a third party ;
- that a third party will not assert claims on the Company's patents or other intellectual property rights or those licensed by the Company to a third party ;
- that third parties will respect its patents, or that it is able, in general terms, to enforce all the elements that make up its intellectual property and effectively defend itself against infringement ;
- that the extent of the protection provided by its patents is sufficient to defend the Company against its rivals ;
- that it is impossible for third parties to infringe or circumvent its patents ;
- that there will be no change in national regulations that would allow third parties to access certain parts of the Company's intellectual property without having to pay financial compensation to the Company.

Challenges from competitors or other third parties could reduce the scope of the Company's patents or render them invalid.

The legal proceedings that the Company may then have to enter into in order to defend its intellectual property could be very costly, notably in the case of lawsuits in the USA. Furthermore, the legal uncertainty inherent to these lawsuits is important and the courts may not hold in the Company's favor.

The probability of disputes arising over the Company's intellectual property will increase progressively as patents are granted and as the value and appeal of the inventions protected by these patents are confirmed. However, at the date of this Registration Document, there is no litigation of this type.

The occurrence of any of these events concerning any of the Company's patents or intellectual property rights could have an adverse effect on the Company's business, prospects, financial situation, results and development. These risks are all the higher for the Company, because of its limited financial and human resources.

4.2.2. Risks related to patents and intellectual property rights held by third parties

The field of biotechnology research and pharmaceuticals is subject to many applications for patents for technical devices to be used in laboratory research or for large families of molecules. These patent applications, and, where applicable, these patents, are usually extremely complex and it is often difficult to identify and estimate the exact protection conferred by them.

The Company could infringe or be accused of infringing the patents or other intellectual property rights owned or controlled by third parties. Should the molecules currently being developed by the Company lead to the development of drugs, these drugs would be marketed in many states. Although patents for these molecules have been applied for in many countries, their launch on the market could infringe patents that are more extensive in scope or older, belonging to third parties in one or more of these countries. The Company could unknowingly violate a third party's intellectual property rights during the development or commercialization of its drug or biomarker candidates or could face lawsuits brought against it by third parties claiming to own an intellectual property right infringed by the Company.

Should the Company be subject to legal proceedings for infringement of intellectual property rights, the Company could be required to:

- bear the potentially significant costs of proceedings brought against it;
- pay significant damages to the complainants;
- abandon the work/development in progress that is considered to infringe a third party's intellectual property right;
- discontinue the commercialization of a drug or biomarker candidate either temporarily or permanently in one or more regions (depending on the geographical scope of the third party's patents that have been infringed);
- acquire a potentially costly license from one or more third parties holding intellectual property rights in order to continue its work or development or the commercialization of the disputed molecule or technology. Moreover, the license acquired may not be exclusive, so the Company could potentially be required to share the associated rights with competitors.

Should one or more of these risks materialize, this would give rise to material costs and would compromise the Company's reputation, seriously affecting its ability to continue its operations.

4.2.3. Risks related to the Company's inability to protect the confidentiality of its information and expertise

The Company could fail to ensure the confidentiality of its trade and technical secrets.

The Company's trade and technical secrets include:

- certain unpatented technical expertise that enables it to offer to conduct research and development work for third parties ;
- certain scientific knowledge generated by the work carried out by the Company ;
- certain information relating to the products currently being developed within the Company ;
- certain information relating to the agreements signed between the Company and third parties.

These various trade and technical secrets give the Company a number of advantages. The disclosure of certain of these secrets could allow third parties to offer products or services to rival those of the Company or to generally prejudice the Company.

The possibility cannot be ruled out that rules on the security and protection of confidential information and agreements or other arrangements to protect the Company's trade secrets fail to provide the protection sought, or are breached, or that the Company's trade secrets are disclosed to, or developed independently by, its competitors.

Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

4.2.4. Risks related to data security, disruption of information technology systems and cyber threats

The Group's business is heavily dependent on the use of information technology. Certain key areas such as research and development are to a large extent dependent on the Group's information systems or those of third-party providers, including for the storage and transfer of critical, confidential or sensitive information.

The Group and our third-party service providers use secure information technology systems for the protection of data and threat detection. However, there can be no assurance that these efforts to implement adequate security and control measures will be sufficient to protect the Group against breakdowns, service disruption, data deterioration or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyber-attack, security breach, industrial espionage attacks or insider threat attacks which could result in financial, legal, business or reputational harm.

4.2.5. Risks related to the expansion of social media platforms and new technologies

The Company increasingly relies on social media and new technologies to communicate about its research and development programs and certain diseases. The use of these media requires specific attention.

Unauthorized communications, such as press releases or posts on social media, purported to be issued by the Company, may contain information that is false or otherwise damaging and could have an adverse impact on the Company's stock price. Negative or inaccurate posts or comments about the Company, its research and development programs, directors or officers could seriously damage its reputation.

In addition, the Company's employees and partners may use social media and mobile technologies inappropriately, which may give rise to liability for the Company, or which could lead to breaches of data security, loss of trade secrets or other intellectual property or public disclosure of sensitive information. Such uses of social media and mobile technologies could have a material adverse effect on the Company's reputation, business, financial condition and results of operations.

4.2.6. Risks related to the use of the Company's trademarks by third parties

The Company's trademarks are key components of its identity and its products. Although the key components of its trademarks have been registered, notably in France and the USA, other companies in the pharmaceutical sector might use or attempt to use components of these trademarks, and thereby create confusion in the minds of third parties.

The Company would then have to redesign or rename its products in order to avoid encroaching on the intellectual property rights of third parties. This could prove to be impossible or costly in terms of time and financial resources and could be detrimental to its marketing efforts. As such, and like many of its peers, the Company has already initiated several actions against trademarks filed by third parties with similarities with GENFIT, and several actions are ongoing.

Should this risk materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development. The Company aims to limit this risk by filing and maintaining its trademarks and ensuring that appropriate monitoring is conducted by its intellectual property department.

4.2.7. Risks related to the Company's product liability

Given that the Company develops therapeutic products and diagnostic-targeted products intended to be tested and/or evaluated on humans in an initial phase, then commercialized, it may be subject to product liability.

Notably because of its products, the Company is exposed to the liability risk that is inherent in the production and commercialization of therapeutic products and diagnostic-targeted products.

The Company may also be held liable in connection with clinical tests carried out on the administration of these products. Third parties, patients, regulatory agencies, biopharmaceutical companies or others could bring a lawsuit against the Company following actions resulting from its own activities or the activities of service providers appointed to act on its behalf.

Should the Company, its partners or its subcontractors be held liable in this context, the ongoing development and commercialization of its candidate drugs or biomarkers could be compromised and the Company's financial situation could subsequently be affected.

The insurance cover purchased by the Company may not be sufficient to cover the liability claims against it or the risk involved, or it may prove to be very costly. In particular, should the Company be faced with a lawsuit for bodily injury related to its products, and should the insurance cover prove to be insufficient, all or part of the Company's assets could be pledged to settle a liability lawsuit brought against the Company because of its products.

4.3. FINANCIAL RISKS

4.3.1. Risks related to the Company's financing capacity and liquidity risk

4.3.1.1. Risks related to the Company's financing capacity

Despite having consistently generated a net profit since its founding in 2006, GENFIT reports a net loss resulting mainly from the increase in its research and development expenses related to its clinical and preclinical trials for its proprietary drug and biomarker candidates.

The continuing development of the Company's programs, in particular the most advanced, requires increasing financial investments, and the Company expects a significant increase in its operating expenses over the next several years.

In this context, the Company's ability to raise funds to ensure or generate sufficient revenues from potential partnerships for the ongoing development and/or commercialization of its drug candidates or biomarker candidates is of utmost importance.

Furthermore, the Company may require additional funds to finance future investments that are as yet unknown or difficult to quantify since they concern projects that have yet to reach maturity. The clinical development of future drugs is becoming increasingly expensive and subject to strict regulations. It is therefore difficult to quantify with any precision the overall costs associated with preclinical and clinical development, in particular as regards many products of the Company, that are still at an early stage of development.

The Company may also need additional funding if:

- an external acquisition opportunity is identified;
- an opportunity is identified to accelerate internal programs, e.g. in the development of combination therapies;
- an opportunity to market elafibranor directly in certain diseases and/or in certain territories because available;
- the developments underway prove to be lengthier and more expensive than currently expected;
- the regulatory authorities require the Company to undertake additional studies or the negotiations with the authorities are delayed;
- the Company has to settle a major legal dispute.

Should the Company fail to find funding, its business, results and development could be affected, and it could be forced to delay or discontinue the development and therefore the commercialization of certain products. In addition, should French or European government policies concerning research and development aid and funding impose a reduction or suppression of aid in the form of subsidies, repayable advances or research tax credits, this could have a material adverse effect on the Group's business, prospects, financial situation, results and development.

4.3.1.2. Liquidity risk

The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities, including the undertakings described in section 5.2.3 – "Principal Planned Future Investments" of this Registration Document. As of December 31, 2017, the Group has € 273,820 thousand in cash and cash equivalents. In light of this amount, at December 31, 2017, the Company does not believe in the short term that is has liquidity risk. In particular, the Company believes that its cash and cash equivalents and current financial instruments are sufficient to ensure its financing, in light of its current projects and undertakings, for the next twelve months.

However, these funds could prove insufficient to cover any additional financing needs, in which case new funding would be required. The conditions and arrangements for such new financing would depend, among other factors, on economic and market conditions that are beyond the Company's control. Such new funding could take the form of revenues from potential partnerships of its programs, capital increases (which could be dilutive to shareholders) or bank financing, although the latter would undermine the Company's financial structure.

Finally, in the case of a new financial crisis, access to funding sources may be reduced, or even impossible.

The Group's net cash as of December 31, 2017 amounted to € 110,068k.

Maturity of financial liabilities

The table below shows the breakdown of the Group's net debt by maturity as of December 31, 2017.

Conditional advances are made up entirely of public financing from BPI France to finance defined research programs and are intended to help in financing the Company's research programs.

Maturity of financial liabilities (in € thousands)	As of 2017/12/31	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	0	0	0	3 229	0	0
BPI FRANCE - AVANCE N°1 - OLNORME II - 1	64	64	0	0	0	0	0
BPI FRANCE - AVANCE N°2 - OLNORME II - 2	64	64	0	0	0	0	0
BPI FRANCE - AVANCE N°3 - OLNORME II - 3	51	51	0	0	0	0	0
TOTAL - Refundable & conditional advances	**3 407**	**178**	**0**	**0**	**3 229**	**0**	**0**
Convertible loans	154 940	1 329	0	0	0	153 611	0
Bank loans	3 488	1 209	1 037	687	442	114	0
Obligations under finance leases and hire purchase contracts	1 890	420	425	429	425	189	0
Accrued interests	3	3	0	0	0	0	0
Other financial loans and borrowings	24	24	0	0	0	0	0
TOTAL - Other loans & borrowings	**160 345**	**2 985**	**1 461**	**1 117**	**867**	**153 914**	**0**
TOTAL	**163 752**	**3 163**	**1 461**	**1 117**	**4 096**	**153 914**	**0**

Cash & cash equivalents	As of	
(in € thousands)	2016/12/31	2017/12/31
Short-term deposits	150 438	244 279
Cash & bank accounts	1 839	29 541
TOTAL	**152 277**	**273 820**

Short-term deposits	As of	
(in € thousands)	2016/12/31	2017/12/31
UCITS	57 130	38 052
TERM ACCOUNTS	75 937	138 967
NEGOTIABLE MEDIUM TERM NOTES	14 250	4 150
INTEREST BEARING CURRENT ACCOUNT	3 120	63 110
TOTAL	**150 438**	**244 279**

Breakdown of the Group's financial liabilities into current and non-current liabilities

The breakdown of the Group's financial liabilities as of December 31, 2017 is presented below:

Loans & borrowings - Total	As of	
(in € thousands)	2016/12/31	2017/12/31
Refundable & conditional advances	3 549	3 407
Convertible loans	0	154 940
Bank loans	1 941	3 488
Development loans with participation feature	345	0
Obligations under finance leases and hire purchase contracts	387	1 890
Accrued interests	7	3
Other financial loans and borrowings	24	24
TOTAL	**6 252**	**163 752**

Loans & borrowings - Current	As of	
(in € thousands)	2016/12/31	2017/12/31
Refundable & conditional advances	180	178
Convertible loans	0	1 329
Bank loans	614	1 209
Development loans with participation feature	345	0
Obligations under finance leases and hire purchase contracts	79	420
Accrued interests	7	3
Other financial loans and borrowings	24	24
TOTAL	**1 248**	**3 163**

Loans & borrowings - Non current	As of	
(in € thousands)	2016/12/31	2017/12/31
Refundable & conditional advances	3 369	3 229
Convertible loans	0	153 611
Bank loans	1 327	2 279
Development loans with participation feature	0	0
Obligations under finance leases and hire purchase contracts	307	1 469
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	**5 004**	**160 589**

Bond

In October 2017, the Company issued bonds convertible and/or exchangeable into new and/or existing shares due October 16, 2022 (the "OCEANE") for a nominal amount of € 179,999,997.60, or 6,081,081 OCEANE convertible into 6,081,081 new shares if the Company decided to only issue new shares in the event of conversion.

The OCEANE bear interest at a nominal rate of 3.5% payable semi-annually in arrears on April 16 and October 16 of each year with a first interest payment date of April 16, 2018.

The Company's ability to make these interest payments in the future depends in part on its future performance, which is subject to the success of its research and development programs and future operations, but also, in particular, on economic, financial and competitive factors that are beyond its control. The Company may not generate sufficient cash flow in the future. In addition, the Group may incur additional debt in the future, some of which may be secured debt. Even if the Company is not limited by the Terms and Conditions of the OCEANEs in its capacity to incur additional debt, to guarantee existing or future debts, or to take other measures which would not be limited by the Terms and Conditions of the OCEANEs they could have reduce its ability to repay its debt at maturity.

At maturity of the OCEANE bonds, the Company is required to repay the par value, unless the bondholders choose to convert the OCEANE bonds into ordinary shares of the Company. The Company, for the same reasons as mentioned above, may not have sufficient available cash or be able to obtain financing at the time it is required to repay the nominal amount of the OCEANE bonds. The failure to pay could also have the effect of accelerating the repayment of other debt instruments of the Company.

Finally, this indebtedness could have other important consequences. For example, it could:

- make the Company more vulnerable to adverse changes in general European, U.S. and worldwide economic, industry and competitive conditions and adverse changes in government regulation;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and industry; and
- limit the Company's ability to borrow additional amounts for working capital and other general corporate purposes, including to fund possible acquisitions of, or investments in, complementary businesses, products, services and technologies.

Bank loans (see note 6.12.1.2 – "Bank loans" to the consolidated financial statements for the year ended December 31, 2017 in Appendix 1 of this Registration Document) and section 10.1.2 - Debt Financing of this Registration Document.

The bank loans taken out in 2014, 2015, 2016 and 2017 totaled €4,915k and will be fully reimbursed in 2022.

In addition, during 2017, the Company received the following bank undertakings to fund its investment program for scientific and office equipment:

- In April, BNP Paribas granted the Company a €0.8 million loan, repayable over 5 years;
- In June, Crédit du Nord granted the Company a €0.6 million loan, repayable over 4 years;
- Finally, in July CIC granted the Company a €1 million loan, repayable over 5 years;

Financial lease agreements

During 2016, CM-CIC Bail and the Company entered into a master leasing agreement with a purchase option for scientific equipment for a maximum amount of €2,000k. An amendment n°2 to this agreement in November 2017 modified that amount to €1,735k and is valid until June 30, 2018. In 2016, the difference from the initial amount of the agreement was granted as a loan in the amount of €264k . Furthermore, during 2016, NatioCreditMur (BNP Paribas) and the Company entered into a master leasing agreement in an amount of €1.050 million which term was extended by amendments until June 30, 2018.

See also section 5.2.2 – "Principal Ongoing Investments" of this Registration Document.

The occurrence of one or more of these risks could have a material adverse effect on the business of the Company and the Group, its prospects, its financial situation, its results and its development.

4.3.2. Risks relating to the Research Tax Credit

To finance its operations, the Company benefits from Research Tax Credit ("CIR" for "Crédit d'Impôt Recherche").

The French Treasury always refunded Research Tax Credit to the Company during the year following the end of the relevant fiscal year. Regarding the Research Tax Credit recognized for 2017 and future years, it is possible that the tax authorities could call into question the accelerated reimbursement allows to the Small and Medium Size Companies, the methods used by the Company to calculate its research and development expenses or that the CIR itself could be called into question due to a change in policy or because it is contested by the tax authorities, even though the Company complies with the requirements in terms of documentation and eligibility of its expenditure. Should this happen, it could have an adverse effect on the Company's results, financial situation and prospects.

During 2014, the Company was the subject of an accounting audit at the end of which the auditing department questioned part of the Research Tax Credit (CIR) received by the Company further to expenditures incurred in 2010. The audit continued for the 2011 and 2012 CIR returns. The Company received proposed adjustments in December 2014 (for the

2010 CIR) and in December 2015 (for the 2011 and 2012 CIR). This tax audit was also extended to the 2014 CIR as part of a documentary audit who purposes was to apply the rules described below.

The dispute with the French tax authorities pertains mainly to collaborative research alliances with companies in the pharmaceutical industry. The tax authorities contend that, in these alliances, the Company is acting as a sub-contractor, which should reduce the basis on which the CIR is computed by deducting amounts billed by the Company to the other party. Yet, these collaborative research alliance agreements contain reciprocal provisions concerning intellectual property, the shared governance of the research programs, risk sharing, conditions governing the termination of the agreements and the terms of compensation, which demonstrate that they are not sub-contracting agreements.

The Company therefore contested these proposed adjustments, and even though the tax authorities partially granted some of its arguments, it is possible that the CIR tax audit may lead to the questioning of the CIR for the years audited and to potential penalties and therefore as a result, could have an adverse effect on the Company's results, financial situation and prospects of the Company and Group. The financial impact of this risk and the current status of the ongoing proceedings are described in section 20.9 – "Legal and Arbitration Proceedings" of this Registration Document as well as note 6.23 – "Litigation and Contingent Liabilities" to the consolidated financial statements for the year ended December 31, 2017 presented in Appendix 1 of this Registration Document.

4.3.3. Others risks

4.3.3.1. Exchange rate risk

As of the date of this Registration Document, the Company's exposure to exchange rate risk is moderate because more than the majority of all of its operations are denominated in euros, except those realized in US dollars by Genfit Corp. As such, $5,993k were purchased in 2017 in view of intragroup flows with Genfit Corp of $4,622k (see section 7.2 – "Main intragroup flows" hereafter regarding intragroup flows).

In the future and in particular, in relation to its clinical trials, the Company will be required to enter into additional contracts denominated in other foreign currencies or indirectly exposed to exchange rate risk, which will increase its overall exposure to this risk.

An increase in the overall exposure of the Company to this risk will depend on:

- the currencies in which it receives its revenues ;
- the currencies chosen when agreements are signed, such as licensing agreements, or co-marketing or co-development agreements ;
- the location of clinical trials on drug or biomarker candidates ;
- the ability, for counterparties, to indirectly transfer exchange rate risk to the Company; and
- its hedging policy.

During the financial year, the Company used several specific hedging arrangements (purchase of US dollars, UCITS and term accounts in US dollars. If its currency exposure were to change, the Company would put in place additional hedging instruments.

The following table shows the sensitivity of the Company's expenses in US dollars to a variation of 10% of the US dollar during the course of 2016 and 2017:

Sensitivity of the Company's expenses to a variation of +/- 10% of US dollar (in € thousands or in US dollar thousands) - for the period	Year ended 2016/12/31	2017/12/31
Expenses denominated in US dollars	4 622	5 993
Equivalent in euros, on the basis of the exchange rate described below	4 385	4 997
Equivalent in euros, in the event of an increase of 10% of US dollar vs euro	4 872	5 552
Equivalent in euros, in the event of a decrease of 10% of US dollar vs euro	3 986	4 543

Equivalent in euros, on the basis of a 1 euro = 1,1993 US dollar ratio
Equivalent in euros, on the basis of a 1 euro = 1,0541 US dollar ratio

The net impact of the operational foreign exchange risk resulted in an unrealized foreign exchange gain of €100k for the 2016 financial year and an unrealized foreign exchange loss of €705k for the 2017 financial year, but these gains and losses do not predict the future impact of currency risk.

4.3.3.2. Risks related to financial instruments

The Company's exposure to financial instrument risk mainly affects two items on the balance sheet: cash and cash equivalents. These items comprise mainly term deposits, units in mutual funds, negotiable medium-term notes and UCITs. These are highly liquid short-term investments subject to an insignificant risk of change in value. The Company's policy in terms of investing its cash has always been to favor the absence of risk on capital.

4.3.3.3. Interest rate risk

At December 31, 2017, the Group's financial liabilities totaled €163,752k.

At December 31, 2017 and on the date of this Registration Document, the Company does not have any variable-rate loans. The exposure of the Company's financial assets to interest rate risk is also limited, since these assets are UCITs, medium-term negotiable notes or term deposits with progressive rates.

The Company considers that a +/-1% movement in interest rates would have an insignificant impact on its bottom line in view of the losses generated by its operating activity.

4.3.3.4. Risk of volatility in the Company's share price

It is likely that the price of the Company's shares would be significantly affected by events such as changes in market conditions related to its sector of activity, announcements of new contracts, technological innovations and collaborations by the Company or its main competitors, developments concerning intellectual property rights (including patents), announcements regarding scientific and clinical results concerning products currently being developed by the Company or its main competitors, receipt of required approvals and regulatory authorizations as well as the development, launching and sale of new products by the Company or its main competitors and changes in the Company's financial results.

Furthermore, the stock markets have experienced considerable price fluctuations over the last few years, and often, these movements do not reflect the operational and financial performance of the listed companies concerned. In particular, biotechnology companies' share prices, such as ours, have been highly volatile and may continue to be highly volatile in the future. For example, in 2017, our stock price on the regulated market of Euronext Paris was, at its highest, €33.82 on March 15, 2017 and at its lowest at €20.35 on October 26, 2017, or a decrease of 40%. .

Fluctuations in the stock-market as well as the macro-economic environment could significantly affect the price of the Company's shares.

4.3.3.5. Dilution risk

Since the Company's creation, it has regularly allocated or issued stock-options, equity warrants ("BSA") and redeemable share subscription warrants ("BSAAR") to motivate its managers, employees and consultants. At the end of 2016 and 2017, the Company put in place several stock option and free share plans. As of the date of this Registration Document, the Company therefore has stock option, free share, BSA and BSAAR plans outstanding. In the future, the Company could grant or issue new capital instruments or securities providing access to its share capital as set out in the 18th (BSA), 19th (stock options) and 20th (free shares) resolutions of the extraordinary shareholders' meeting on June 16, 2017.

As of the date of this Registration Document, the exercise of all of the stock options, share warrants (BSAAR and BSA) and vesting of the free shares would enable the subscription/creation of 470,254 new shares, representing approximately 1.51% of the current GENFIT share capital.

In October 2017, the Company issued OCEANE due October 16, 2022 for a nominal amount of €179,999,997.60, representing 6,081,081 OCEANE that could potentially be converted into 6,081,081 new shares if the Company decided to only grant new shares in the event of conversion, representing, subject to any future adjustments, a maximum dilution of 19.5% of GENFIT's share capital.

The exercise of financial instruments giving access to the Company's share capital which could be put in place, as well as all allocations or new issues, would lead to dilution for the shareholders. See also section 4.3.1.2 – "Liquidity risk" regarding other dilution risk associated with the Company's funding needs.

4.4. INSURANCE POLICIES AND RISK HEDGING

The Group has implemented a policy for hedging against key insurable risks, providing cover which it believes to be appropriate in light of the nature of its business. The Group's main insurance policies at present are as follows:

Insurance Policies	Insurer	Risks covered	Coverage amounts (in Euros)	Expiration
Directors and Company officers liability insurance Policy 0007904132/0000 avenant7	AIG	Loss arising out of any complaint against an executive officer and defence of executive officers	15,000,000	Tacit renewal
Freight transport Policy 16,1981 (TR 16 05 595)	ALBINGA	Overall maximum per shipment	1,500,000 Euros	Tacit renewal
		Damage to entrusted property / Claim	100,000 Euros	
		Own account transport / Claim	50,000 Euros	
		verall maximum for travel-exhibitions good	35,000 Euros	
Property and Casualty insurance of the Company Policy - property damage "All risks except" FRPK32706	CHUBB European Group Limited	Damages to property/ contents	9,855,060 Euros/ claim	Tacit renewal
		Theft	250,000 Euros	
		Broken glass	50,000 Euros	
		Machines breakdown	2,500,000 Euros	
		Operating loss	12,000,000 Euros	
Individual insurance accidents Policy 011 932 259 / 000	ALLIANZ IARD	Per event	15,000,000 Euros	Tacit renewal
		Accidental death / Permanent disability	110,000 Euros	
Operating and Products liability Policy DB0000600919	CHUBB	Operating (before delivery)	7,650,000 Euros	Tacit renewal
		Product (after delivery)	2,300,000	

Moreover, as a sponsor, the Company takes out specific insurance cover for each clinical trial.

The total expenses booked by the Group for all insurance policies were respectively €245k, €200k and € 114k for the fiscal years ended on December 31, 2017, 2016 and 2015.

4.5. LEGAL AND ARBITRATION PROCEEDINGS

See section 20.9 – "Legal and Arbitration Proceedings" of this Registration Document.

5. INFORMATION ABOUT THE COMPANY

5.1. HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1. Legal name and commercial name of the Company

The name of the Company is: GENFIT.

5.1.2. Company's Place of Registration and Number

The Company is registered in the Lille Métropole Trade and Companies Registry under number: 424 341 907.

5.1.3. Date of Incorporation and Duration

The Company was created on September 15, 1999 for a 99-year term beginning on the date of its registration in the Trade and Companies Registry, or on September 21, 1999, provided it is not extended or subject to early dissolution

5.1.4. Registered Offices of the Company, Legal Form, Legislation governing its business activities

The Company is a *société anonyme* subject to French law, with a Board of Directors, it is mainly subject to the terms of articles L. 225-1 et seq. of the French Commercial Code.

Registered Offices	Parc Eurasanté - 885 avenue Eugène Avinée - 59120 LOOS - FRANCE
Telephone :	+33.3 20.16 40.00
Fax :	+33.3 20.16 40.01
Email :	contact@GENFIT.com
Website:	www.GENFIT.com

5.1.5. Key Events in the Development of the Group's Activities

Founded in 1999 by Jean François Mouney and Florence Séjourné with the scientific support of Professors Bart Staels and Jean-Charles Fruchart, GENFIT is a French biopharmaceutical group established in Loos, France (in the European metropolis of Lille, France). In 2001, the Company launched its first proprietary research programs. In 2003, GENFIT created GENFIT CORP, a U.S. subsidiary established in Massachusetts.

In 2006, the GENFIT SA listed on the Alternext market of the Euronext Paris stock exchange and transferred to the regulated market of Euronext Paris in 2014.

The Company mainly conducts its R&D activities within the framework of proprietary research programs. Currently, its R&D efforts are aimed at marketing innovative treatment solutions for fighting certain metabolic, inflammatory, autoimmune, or fibrotic diseases affecting, in particular, the liver (such as "Non Alcoholic Steato-Hepatitis" or NASH) and, generally, gastroenterology. The Company's approach combines new treatments with biomarkers. Elafibranor, the Company's most advanced proprietary compound, is currently undergoing Phase III clinical trial in NASH.

Furthermore, since its creation and over the course of its early years of existence, the Company has entered into collaborative research alliances with pharmaceutical companies, many of which were renewed, including several recently. Most intellectual property rights derived from the results obtained during said collaborations belong to the partners. Lastly, and very marginally the Company had also offered so-called "services" to industrials and other biotechnology companies since its creation, which rely on the technological tools and platforms developed during its research and development efforts and are aimed at, in particular, improving the characterization of drug candidates under development and identifying active mechanisms in these compounds.

The key events in the Group's development over the course of the past three fiscal years are summarized below:

2015	• Results of a cardiac safety clinical study for GFT505 are obtained, demonstrating that GFT505 (elafibranor) has no harmful effect on cardiac electrical activity for up to 2.5 times the 120mg/day therapeutic dose. • Results from the GOLDEN505 Phase IIb study are obtained, demonstrating both the dose-dependent efficacy of GFT505 (elafibranor) for NASH, after controlling for baseline severity and site heterogeneity via a standardized statistical analysis, and good tolerability for the product over the one-year treatment period. • The generic name elafibranor is approved by the World Health Organization for GFT505. • In the context of the BMGFT03 program, development of a diagnostic kit for identifying NASH patients who should be treated with elafibranor/GFT505 or any other suitable drug, without the need for an invasive liver biopsy. • End of the research sharing phase between Genfit and Sanofi in the context of the SAN/GFT-2 program. • Presentation of the design of the pivotal Phase III study of elafibranor in NASH and announcement of its November 2015 launch at the AASLD (American Association for the Study of Liver Diseases) annual meeting.

2016	• Detailed results of the Phase IIb clinical trial evaluating elafibranor as a treatment for NASH (administered orally in a single daily dose) were published in the prestigious Gastroenterology journal. • Company raises a total amount of € 49.6 million in the context of a private placement completed mainly with institutional investors based in the United States. • First patient is recruited for its Phase III RESOLVE-IT clinical trial, intended to evaluate elafibranor as a treatment for NASH. • Launch of a large-scale validation and qualification program for a non-invasive NASH diagnostic kit developed through GENFIT's BMGFT03 program, with a first collaboration agreement signed with Antwerp University Hospital (Belgium). Under the terms of the agreement, GENFIT has access to a new

	cohort of obese patients with associated liver biopsies and blood samples. First analyses have confirmed the predictive value of miRNAs previously identified by GENFIT as biomarkers of NASH. Discovery of several new highly predictive miRNAs. • Identification of new RORγt inverse antagonists as candidates ready for regulatory pre-IND (Investigational New Drug) studies within the TGFTX1 program. These candidates are highly potent and selective against other members of the ROR nuclear receptor family, and interfere with IL-17 production in human blood leukocytes. • Authorization of the FDA to launch a Phase II clinical trial of elafibranor in a new indication – Primary Biliary Cholangitis (PBC), a rare disease with unmet need and only two orphan designated drugs approved to date. • Capital raise in October/November of a total amount of approximately €78.5 million in a private placement (€33.9 million) to specialized investors in pharmaceutical/biotech sector followed by a rights issue (€44.6 million). • Signature of an agreement between GENFIT and Pinnacle Research Center (San Antonio, TX, USA) supporting the launch of the NASH Registry Project, a database to prospectively follow patients in order to collect information on the co-morbidities historically linked with NAFLD/NASH, to which GENIT has access to blinded patient data. • Initiation of the first juvenile toxicity studies of the Pediatric Investigation Plan (PIP) of elafibranor in NASH, following the favorable opinion of the European Medicines Agency (EMA). • Launch of The NASH Education Program™, endowment fund created at GENFIT's initiative dedicated to the development and funding of disease awareness activities targeting the medical field and general public.

2017	• Presentation at The International Liver Congress organized by EASL of the repurposing program of nitazoxanide (NTZ), currently prescribed as an anti-parasitic, in the treatment of different fibrotic diseases, including liver fibrosis. • First patient randomized in a Phase IIa clinical trial evaluating efficacy and safety of elafibranor in Primary Biliary Cholangitis (PBC). • Approval of the change in mode of administration and management of the Company and nomination of the Chairman and CEO and the members of the Board of Directors at the General Shareholders' Meeting on June 16. • Launch of the next phase, for the development of a new non-invasive In Vitro Diagnostic (IVD) test aimed at identifying NASH patients eligible for treatment. • Completion of a €180 million offering of bonds convertible into new shares and / or exchangeable for existing shares ("OCEANEs") due 2022. • Positive outcome from the 18-month pre-planned safety review by the DSMB, in RESOLVE-IT Phase III clinical trial with elafibranor. • GENFIT contributes to the European LITMUS (the "Liver Investigation: Testing Marker Utility in Steatohepatitis" consortium) Initiative.

2018	• Launch of the NASH pediatric program, following PIP (Pediatric Investigation Plan) and PSP (Pediatric Study Plan) agreement by EMA (European Medicines Agency) and FDA (Food and Drug Administration). • Target reached for recruitment for the interim cohort analysis in the pivotal phase 3 RESOLVE-IT trial in NASH and fibrosis • Positive outcome from the 24-month pre-planned safety review by the DSMB, in RESOLVE-IT Phase III clinical trial with elafibranor

5.2. INVESTMENTS

5.2.1. Principal investments during the past three fiscal years

The investments made during the above-referenced period are the following:

Investments (in € thousands)	As of 2015/12/31	2016/12/31	2017/12/31
Intangible assets	725	508	268
Property, plant & equipment	285	1 528	2 531
Financial assets	16	0	0
Total	**1 026**	**2 036**	**2 800**

Since certain criteria defined by IAS 38 have not been met, the Group has not registered as assets in the statement of financial position any development costs.

The investment amounts included in the table above for the 2017 fiscal year are in addition to the investments financed by finance lease (€1,756 thousand) (see section 10.2 – "Source, amount, and description of the group's cash flow" of this Registration Document).

2015 Fiscal Year

Intangible assets consisted of software and operating license acquisitions, while property, plant, and equipment mainly correspond to scientific equipment in the amount of € 219 thousand and office and IT equipment in the amount of € 85 thousand.

Assets held outside of France were not significant.

2016 Fiscal Year

Intangible assets consisted of software license acquisitions. Property, plant and equipment mainly correspond to scientific equipment in the amount of €1,145 thousand, office and IT equipment in the amount of €434 thousand and layout and installation in the amount of €107 thousand.

Scientific equipment acquired in the context of the RESOLVE-IT Phase III study in elafibranor is set-up in certain medical centers involved in the clinical study located all over the globe.

2017 Fiscal Year

Intangible assets consisted of software license acquisitions. Property, plant and equipment mainly correspond to scientific equipment in the amount of €3,546 thousand, office and IT equipment in the amount of €251 thousand and layout and installation in the amount of €138 thousand.

Scientific equipment acquired in the context of the RESOLVE-IT Phase III study in elafibranor is set-up in certain medical centers involved in the clinical study located all over the globe.

5.2.2. Principal Ongoing Investments

Ongoing investments at the date of this Registration Document relate to scientific equipment designated for successful execution of the Phase III trial in elafibranor, office renovations and the roll-out of new ERP software.

5.2.3. Principal Planned Future Investments

Investments in scientific equipment designated for the successful execution of the Phase III trial in elafibranor for which the Company has already made firm commitments amount to €555 thousand at the date of this Registration Document. Other scientific investments for which the Company has already made firm commitments amount to €640 thousand at the date of this Registration Document.

The Company expects to finance these investments over the next 12 months in large part by the remainder of two finance leases with purchase options (see below), by loans granted at the end of 2017 but not yet drawn down (see for more information section 10.1 – "Information on the group's equity, cash, and sources of financing") and for the remainder, its available cash or new loans.

Finance leases: during the course of 2016, CM-CICI Bail and the Company entered into a master agreement for leases with purchase options for scientific equipment for a maximum amount of €2,000 thousand. An amendment n°2 to this agreement in November 2017 modified that amount to €1,735k and is valid until June 30, 2018. Moreover, during the same 2016 fiscal year, NatioCreditMur (BNP Paribas) and the Company entered into a master lease agreement for €1,050 thousand, which was extended by amendments by amendments until June 30, 2018.

In addition, the Company is open to any opportunity of acquiring new molecules that complement the ones currently in its portfolio. Therefore, the Group could make significant such investments in upcoming years. However, as of the date of this Registration Document, the Company's senior management bodies have not made any binding commitments in respect thereof.

6. OVERVIEW OF THE GROUP'S ACTIVITIES

6.1. GENERAL PRESENTATION

Created in 1999, Genfit is a biopharmaceutical group dedicated to the discovery and development of drugs in therapeutic areas with strong unmet medical needs due to the lack of efficient treatments and the increase in the number of patients worldwide. Genfit concentrates its research and development to participate in bringing to market innovative treatments (drug candidates) and diagnostic solutions (biomarker candidates) in the area of metabolic, inflammatory, autoimmune and fibrotic diseases, in particular liver diseases (such as non alcoholic steatohepatitis or NASH) and more generally in hepato-gastroenterology. Based in Loos in the European metropolis of Lille, Paris and Cambridge (USA), the Group employs about 130 collaborators.

The Company's drug candidate research and development activity relies on the Company's expertise in nuclear receptors (nuclear receptors are transcription factors that specifically regulate the expression of certain genes), and particularly knowledge of their roles in physiopathological mechanisms and their pharmacological modulation for the treatment of certain metabolic inflammatory, autoimmune and/or fibrotic liver diseases (NASH, PBC, PSC, cirrhosis).

In order to meet all the medical needs required for individual patient management by physicians, the Company's R&D strategy also includes diagnostic programs aimed at identifying new biomarkers for some of these diseases,. to optimize their diagnostic capacity with innovative algorithms, and to develop, register and market new in vitro diagnostic (IVD) tests/kits.

At the end of 2016 and the beginning of 2017, the Company has chosen to guide and strengthen its portfolio of compounds under development and research programs in its main therapeutic areas of interest, from the elafibranor program (NASH, PBC), biomarker programs (BMGFT03), its developments in fibrosis (TGFTX4) and in autoimmune diseases (TGFTX1), and to suspend its investments in the TGFTX3 and TGFTX5 programs, which are less advanced and less directly associated with its specialty strategy. For more information on the Company's strategy, see section 6.3 – "Strategy" below.

Genfit's pipeline at the date of this Registration Document can be summarized as follows:

***Preclinical development**: regulatory pharmacology and toxicology studies on animals*
***Clinical development**:*

***Phase I** clinical trials: the molecule is administered to healthy subjects in order to assess its safety, identify potential side effects and assess its tolerance at the doses administered, as well as their distribution and metabolism ;*
***Phase II** clinical trials are carried out on a limited population of patients affected by the disease. The objective is to provide initial proof of the drug's efficacy, determine its dosage and assess its tolerance when administered in effective doses ;*
***Phase III** clinical trials are conducted on a broader population of patients affected by the disease studied. The objective is to demonstrate the product's efficacy and tolerance in comparison with products already on the market or placebos, in order to compile a dossier containing sufficient data to be filed with the regulatory authorities ;*

***MA:** Application for and obtaining of Marketing Authorization (MA) for the sale of the product.*

More precisely, the pipeline includes:

- Elafibranor program. This drug candidate is in phase III development for the treatment of NASH, including a pivotal clinical trial under the name RESOLVE-IT, which is ongoing at the date of this Registration Document. Subject to satisfactory clinical results obtained during the first stage of this study in a first cohort of approximately 1,000 patients, and meeting the timelines estimated by the Company for its completion (the interim results are expected at end 2019) and the authorization of the regulatory agencies (see section 4.1.1.1 – "Risks related to clinical trials" on the uncertain nature of these parameters), a conditional marketing authorization could be obtained for elafibranor in NASH during 2020 (see section 6.6.3 – "A development plan agreed with agencies (Fast track)" of this Registration Document). The Company also began a Phase II clinical trial with elafibranor in PBC (Primary Biliary Cholangitis) (see section 6.6.4 – "Elafibranor in CBP development plan" of this Registration Document) for which the results are expected at the end of 2018. The first juvenile toxicology studies of the Pediatric Investigation Plan (PIP) have started. Following approval of the FDA of the Pediatric Study Plan (PSP), a dose ranging study in young patients in the United States will also be initiated. Finally, the Company also began the first studies to evaluate the feasibility of an efficacy study in a sub-population of NASH patients with an F4 fibrosis score (cirrhotic patients)(see section 6.6.3 – "A development plan agreed with agencies (Fast track)" of this Registration Document). In addition, combination therapy combining elafibranor in NASH with molecules from other Company programs, molecules already marketed in other indications, or certain molecules currently being developed in NASH are also under evaluation ;

- several research programs on the identification and validation of new circulating biomarkers and new in vitro diagnostic (IVD) tests for the detection and management of the NASH patient (BMGFT03) and co-morbidities associated with NASH. In particular, the BMGFT03 program demonstrated the interest of miRNAs as new circulating biomarkers in identifying, without biopsy, NASH patients who should be treated with elafibranor or another drug treatment (See section 6.5.2 – "Research and validation of new diagnostic biomarkers" and 6.7.1 – "BMGFT03 : Biomarqueurs and diagnostic tests in NASH" of this Registration Document). The Company is developing several algorithms that combine miRNAs of interest with other biomarker in order to calculate a NASH and fibrosis score. In the second half 2017, the Company entered the industrial and regulatory development phase of the new IVD tools dedicated to the dosing of these miRNAs and associated biomarkers (see section 6.7.1 – "BMGFT03 : Biomarqueurs and diagnostic tests in NASH" for further details regarding the specific development plan, as contemplated by the Company at the date of this Registration Document); In this perspective, the RESOLVE-IT Phase III trial will be an essential part of the clinical validation required for FDA (US) authorization and CE marking of these new IVD tools. The registration of these new medical devices (in vitro diagnostic (IVD) tests and related algorithms) including this function should be registered at the same time as, or immediately after, the conditional marketing authorization for elafibranor in NASH;

- The TGFTX4 program, that aims to develop new anti-fibrotic drug candidates. Within this program, the Company has identified several potential drug candidates that have demonstrated anti-fibrotic activity in cell-based and in vivo tests, (see section 6.7.2 – "TGFTX4 : a research program of drug candidates for fibrotic diseases" of this Registration Document) of which nitazoxanide, which has come from the pharmacopeia and currently marketed and prescribed as an anti-parisitic, that the Company wishes to evaluate for its potential to be repurposed in the treatment of various fibrotic diseases including liver fibrosis. The Company expects an IND application for a Phase II proof of concept study of nitazoxanide in NASH with advanced fibrosis to be made during the course of 2018. The other lead compounds identified in the framework of this program are currently being optimized with a view to initiating, under the best conditions, their regulatory preclinical development;

- The TGFTX1 program, to discover innovative drug candidates targeting RORγt, a nuclear receptor involved in certain inflammatory and autoimmune diseases. Within this program, the Company has developed proprietary molecules that effectively inhibit RORγt activity and that have demonstrated beneficial effects in functional in vitro and in vivo assays relevant to the targeted diseases, in particular for their potential benefit in the treatment of several autoimmune diseases. The Company has in particular launched pre-IND studies for a topical treatment of mild to intermediate psoriasis. A research program was also launched to validate the therapeutic benefit of proprietary RORγt inverse agonists in certain respiratory diseases (see section 6.7.3 – "TGFTX1 and RORγt : a research program of drug-candidates for certain inflammatory and auto-immune diseases" of this Registration Document).

6.2. KEY STRENGHTS

6.2.1. Entrepreneurial spirit and scientific achievements of the founders and executive board

GENFIT has been situated at the crossroads of science and industry since its founding, stemming from the combination of managerial and scientific expertise.

Its founder, Jean-François Mouney, after having founded and managed innovative companies specializing in high-performance materials, was at the time Chief Executive Officer and founder of Eurasanté, the first French agency to be involved in the bio-health sector and dedicated to the commercial valorization and development of companies in the

Hauts-de-France region of France. Florence Séjourné, co-founder of Genfit, was at the time head of the Pharmaceutical and Biotechnology Unit at Eurasanté, and therefore provided both scientific and economic expertise.

The creation and the development of GENFIT were accompanied by the scientific support of Professor Bart Staels. Since its creation, the Company thus benefited from his high-level research experience notably gained from the Metabolic Research Unit at the University of California in San Francisco in particular, and within the framework of the BioAvenir project in Vitry-sur-Seine, notably in the field of molecular pharmacology of metabolic and cardiovascular diseases.

The industrial and managerial experience of Jean-François Mouney is the cornerstone of GENFIT's development. With the support of Jean-François Mouney, GENFIT has:

- brought together top researchers and interdisciplinary R&D teams;
- capitalized on their respective expertise;
- pooled innovative research.

Thanks to its scientific and managerial assets and the quality of its research, GENFIT had been able to enter into, since its founding and during the first years of its existence, of co-research alliances with leading global pharmaceutical companies (Sanofi, Solvay, Servier, UCB…). The revenues from such alliances were reinvested, for the most part, in the Company's own R&D programs.

Although at the date of this Registration Document, the Company is no longer developing active co-research activities with these global groups, some of these alliances had been recently renewed.

In particular, the Company finished the last co-research phase of the SAN/GFT2 program between its teams and Sanofi in May 2015.

As of the date of this Registration Document, the results of this co-research phase are waiting to be evaluated by the two parties. In this context and although the Company remains contractually eligible for additional milestone payments and royalties, it believes that the probability to receive such payments as well as to enter into a new contract extending this collaboration with Sanofi are virtually non-existent (see chapter 22 – "Material Contracts" of this Registration Document).

6.2.2. High-level scientific, technical, and medical expertise in the Company's strategic therapeutic areas

To meet its objectives of discovery and/or development of new therapeutic (drug candidates) and diagnostic (biomarker candidates) solutions, GENFIT relies on its extensive internal expertise in the medical and scientific fields:

- Expertise of medical needs in the Company's strategic therapeutic areas (see Section 6.4 – "Strategic Therapeutic Areas" of this Registration Document).
- Medical expertise of the (patho)-physiological mechanisms involved in the development of the diseases that the Company targets: lipid and glucose metabolism, inflammation, immune system, pro-fibrotic and fibrinolytic processes.
- Scientific expertise of nuclear receptors, their roles in patho-physiological mechanisms, and their pharmacological modulation (see Section 6.5.1 – "Expertise on nuclear receptors as targets" of this Registration Document).
- Technical expertise of the R&D process of new drug candidates from discovery up to marketing authorization (see Section 6.5.3 – "Preclinical and clinical expertise in its therapeutic areas" of this Registration Document).
- An expertise in R&D processes for new diagnostic methods, identification of new biomarker candidates to registration (US) or CE marking (Europe) of new medical devices (in vitro diagnostic tests or "IVD")(see section 6.5.2 – "Research and validation of new diagnostic biomarkers" of this Registration Document).

This internal expertise is reinforced by close links with KOLs and internationally recognized experts. Together, this expertise enables to optimize therapeutic or diagnostic objectives and to establish the scope of work of each R&D program over the short-, medium-, and long-term.

6.2.3. An advanced technical platform and scientific teams open to collaboration

In order to further its R&D programs and assure their valorization, GENFIT has progressively established and optimized a vast technological platform that covers all the specialties required for its activities. This platform is built on the competence and technical and scientific expertise of high-level professionals, grouped into dedicated teams:

A platform for the identification and validation of new therapeutic targets dedicated to:

- Establishing banks of human biological samples
- Transcriptomics analyses (differential gene expression analysis) in diseased vs healthy tissue
- Validation of therapeutic targets in animal models

A Medicinal and Analytical Chemistry team dedicated to:

- Establishing banks of molecules
- Synthesis of new molecules
- Structural analysis
- Purity analysis

An in vitro (Biochemistry and Cell Biology) screening platform dedicated to:

- Culture of human and animal cells (hepatocytes, inflammatory cells, fibroblasts,..)
- Development and validation of in vitro screening tests
- Robotization of screening tests (High Throughput Screening)
- Screening of molecules originating from the medicinal chemistry team

A platform for the analysis of structure/activity relationships, dedicated to:

- The identification of the first lead molecules;
- Structural optimization to improve safety/efficacy ratios

An animal experimentation platform (in vivo pharmacology) dedicated to:

- Establishing and validating animal models of the targeted pathologies
- Animal models of metabolic diseases (diabetes, dyslipidemia, obesity)
- Animal models of hepatic diseases (NASH, cholestasis…)
- Animal models of atherosclerosis
- Animal models of chronic inflammatory bowel diseases (IBD)
- In vivo profiling of lead molecules

A histological analysis platform dedicated to Microscopic analysis of healthy and diseased tissues

A pharmaceutical development and regulatory pre-clinical team dedicated to:

- The production of batches of active ingredient
- The production of therapeutic units (capsules, tablets)
- Safety pharmacology,
- Regulatory toxicology
- Bioanalyses (measurement of products and their metabolites in biological fluids)

- Study of Absorption, Distribution, Metabolism, Elimination (ADME) criteria of the active ingredient

A clinical development team dedicated to:

- Phase I clinical studies in healthy volunteers (safety studies)
- Phase II clinical studies in patients (proof of efficacy and dose-finding)
- Phase III clinical studies (validation of therapeutic efficacy and safety of use in the target patient population)
- Observational clinical studies for the research and validation of new diagnostic biomarkers

A clinical biochemical platform dedicated to

- Measurement of markers of efficacy and safety in biological samples.

A platform for the identification and validation of new diagnostic biomarkers dedicated to:

- Creation and management of a bank of blood samples (serum and plasma) from the Company's clinical studies or collaborations with expert clinical centers;
- the dosages of proteins or peptides of interest for the diagnosis of the targeted diseases;
- the dosages of circulating miRNA's levels in blood samples of healthy and ill subjects.

A development team for new diagnostic tests dedicated to:

- optimization of techniques and methods of doses of miRNAs;
- elaboration and qualification of miRNA dosage kits.

A bioinformatics and biostatistics platform dedicated to:

- Statistical analyzes of clinical studies conducted by the Company;
- the identification of new therapeutic targets through the analysis of differential gene expressions in healthy and diseased tissues;
- the identification and validation of new diagnostic biomarkers;
- the development and validation of new diagnostic algorithms combining several clinical and/or biochemical variables;
- the clinical validation of dosage kits.

To ensure their roles, GENFIT's platforms and teams benefit from the numerous close collaborations with hospital and/or academic research teams that have resulted from the open innovation culture of the Company.

6.2.4. Patents covering the Company's entire portfolio of programs and proprietary products

Since its inception, GENFIT has endeavored to protect its strategic achievements and technological assets, by placing Intellectual Property at the heart of its approach to the creation of value. The intellectual property of GENFIT mainly concerns patents relating to:

- drug candidates;
- innovative methods and technologies, in particular those relating to diagnostics.

The Company thus has a portfolio of 503 patents and patent applications (of which 396 are issued or pending), grouped into 49 families, each corresponding to a specific invention. These patents and patent applications broadly seek to protect the Company's portfolio of programs and proprietary products and enable the Company to manage their valorization. They relate to:

- new molecules that are likely to become drugs ;
- potential therapeutic applications of these molecules ;
- new applications for molecules that are already known for other uses.

In particular, 360 patents and patent applications relate to Elafibranor.

This portfolio also covers technologies that are useful as research tools. For some of them, GENFIT has granted to certain of its pharmaceutical partners a free and non-exclusive license for the use of methods developed and implemented within its co-research alliances.

See also Chapter 11 – "Research and development, patents and licenses, trademarks, and domain names".

6.2.5. A compatible Quality system

GENFIT's R&D Quality system, based on ISO 9001 standards, is adapted to each of the Company's activities and allows for an efficient execution of projects all the while complying with regulatory requirements.

6.3. STRATEGY

Based on its expertise in nuclear receptors and in-depth knowledge of cardiometabolic diseases in particular, GENFIT aims to progressively evolve towards a model of a biopharmaceutical company specialized in heapto-billiary diseases, in particular of metabolic origins, with largely unmet medical needs.

This strategy will be based on both the maturation of the Company's programs and products pipeline, while maintaining a focus on liver diseases, particularly metabolic liver diseases and heapto-billiary diseases (PBC,…), and, in certain cases, on the creation of partnerships with key players of the biopharmaceutical industry with the financial capacity and/or specific expertise to successfully conduct clinical trials and/or bring products to market.

During the last several years, the Company has chosen to orient and strengthen its portfolio in its main therapeutic areas of interest, such as the elafibranor program (NASH, PBC), its biomarker programs (BMGFT03), its developments in fibrosis (TGFTX4) and in autoimmune diseases (TGFTX1).

This strategy has recently led the Company to undertake disease awareness efforts under the auspices of an endowment fund known as "The NASH Education Program", dedicated to the development and funding of awareness and education activities aimed at the medical community and the general public (see also note 6.26 – "Commitments" to the consolidated financial statements in Appendix 1 to this Registration Document).

Progressively, this strategy could build upon the forward integration of new value-generating activities, while retaining marketing rights in certain therapeutic indications or territories.

GENFIT has defined five major objectives:

- **The continued development or co-development of Elafibranor as a first-line treatment for NASH and in PBC**. With respect to this program, the Company has begun Phase III development of which the RESOLVE-IT pivotal clinical trial is in progress as of the date of this Reference Document. It also launched a Phase II clinical trial with elafibranor for the treatment of Primary Biliary Cholangitis (PBC), the first patient of which was included in May 2017 and officially launched the NASH pediatric program followed the approval of the EMA and the FDA on the PIP and PSP (including the first juvenile toxicology studies of PIP in the NAFLD/NASH and a dose-ranging study in young NASH patients in the United States). It also evaluates combination therapy approaches combining

elafibranor in NASH with molecules derived from other Company programs, molecules already marketed in other indications, or certain molecules currently being developed in NASH either with complementary methods of actions or enlarging the treated population by addressing the co-morbidities of NASH patients. An evaluation of the efficacy of elafibranor in the subpopulation of NASH patients with a F4 fibrosis score is also considered. In either of these cases, the Company may sign a licensing agreement(s) with one or more pharmaceutical laboratories to contribute to the financing of these different programs and clinical development projects and, if successful, to the marketing of elafibranor. In NASH, the Company, at the same time, may decide to market elafibranor in certain territories by itself, and/or market it in other territories in collaboration with one or more pharmaceutical partner(s) and/or specialized local distributor(s).

- **The continuation of R&D programs based on new diagnostic biomarkers**. In the second half 2017, the Company entered the industrial and regulatory development phase for new diagnostic tests/kits dedicated to dosing miRNAs and responding to the main goal of the proprietary BMGFT03 program: identifying NASH patients to treat. The registration of these new medical devices (in vitro diagnostic (IVD) tests and related algorithms) including this function should be registered at the same time as, or immediately after, the conditional marketing authorization for elafibranor in NASH. With this goal, GENFIT could imagine a partnership with a major diagnostic player to assure the industrial development, marketing and distribution of the product worldwide. The Company will then, and in addition, seek to complete this offer by targeting all the NASH diagnostic needs and the co-morbidities associated with NASH: screening of pre-diabetic and diabetic patients, prognosis and stratification of patients at risk of evolution to cirrhosis, selection of patients responding to elafibranor (companion test);

- The clinical development of nitazoxanide as a new anti-fibrotic drug candidate and the continuation of the preclinical development of the anti-fibrotic compounds, eventually with a partner, in the context of the TGFTX4 program;

- The selection and development, alone or in partnership, of drug candidates for the treatment of some inflammatory and auto-immune diseases (TGFTX1);

- The strengthening of the Company's pipeline via in-licensing agreements of products in Phase I or II of clinical development or through combination therapy strategies in the Company's therapeutic areas of interest.

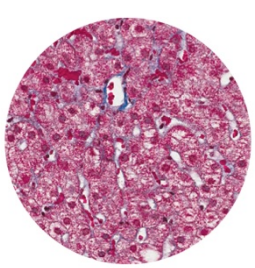
The signing of licensing agreements for all or part of the commercialization rights to products developed under the programs described above, for elafibranor in particular, could allow the Company to finance, at least in part, some of these objectives. The Company may also seize opportunities to seek financing in the market or through non dilutive alternative financings to give it the means to meet some of these operational objectives.

6.4. STRATEGIC THERAPEUTIC AREAS

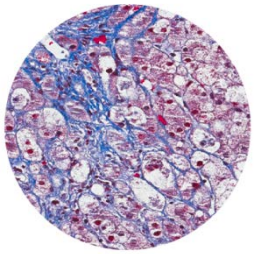
6.4.1. NASH: a hepatic complication of metabolic disorders linked to obesity

6.4.1.1. Definition

Non-alcoholic steatohepatitis (NASH) is a silent pathology (asymptomatic) that can only be diagnosed by the microscopic analysis of liver biopsy. This microscopic analysis reveals steatosis (lipid droplets) accompanied by liver cell lesions (ballooning/hepatocyte necrosis) and inflammation (inflammatory foci/Mallory bodies). In more advanced cases, NASH is accompanied by more or less extensive areas of fibrosis which, in the most developed form, characterize the presence of cirrhosis (see Section 6.4.3.1 – "Definitions" for a definition of cirrhosis).

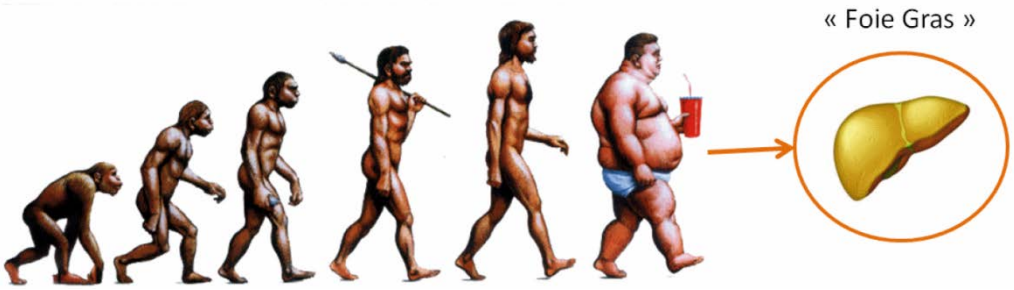


Macroscopic picture of a biopsy showing a healthy liver



Macroscopic picture of a biopsy showing a non-alcoholic steatohepatitis (NASH

6.4.1.2. A hepatic disease with multi-factorial origins



In predisposed individuals (e.g. genetic factors), calorie rich diets combined with a sedentary lifestyle cause an excessive weight gain, dysregulation of energy metabolism and chronic inflammatory processes in various organs including notably the liver, the pancreas, the muscles or arteries. Over the long term, this dysfunction can lead to the degeneration and the loss of function of the organ concerned. Thus, a loss of function of the pancreas, the liver and the muscles leads to the onset of type 2 diabetes and its associated complications. Similarly, the progressive loss of function of the liver associated with NASH leads to cirrhosis, liver failure requiring transplantation, or liver cancer.

The prevention and treatment of metabolic conditions such as type 2 diabetes or NASH are major challenges for public health, with no real solution to prevent the development of severe complications and comorbidities over the long-term. By way of example, the current treatments for type 2 diabetes, focused on reducing blood glucose, do not reduce the risk of stroke in these patients. Similarly, there is currently no treatment for NASH that can block evolution towards cirrhosis or liver cancer.

The factors and predictive signs that enable at-risk patients to be identified are many and are often common to other diseases of metabolic origin. They notably include:

- age;
- abdominal obesity and excessive body mass index ;
- fasting hyperglycemia ;
- loss of insulin sensitivity ;
- dyslipidemia ;
- hypertension ;
- increased hepatic enzymes.

Generally speaking, the patients at risk of NASH are obese or overweight, diabetic or prediabetic (i.e. with metabolic syndrome). Given the multiplicity of risks factors, the management of NASH patients can be improved by the research and development of new drugs that act simultaneously on several facets of the disease.

Faced with this therapeutic challenge, Genfit has developed the scientific and clinical expertise to find and develop the therapeutic solutions that are adapted to this multifactoral disease.

6.4.1.3. NASH and its serious complications

In the majority of cases, NASH is asymptomatic but silently evolves into cirrhosis with its range of serious complications. Thus, over a period of 5-6 years it is estimated that 15-25% of NASH patients will go on to develop cirrhosis (Musso, Gambino et al. 2011). If one considers that almost half of these cirrhotic patients will develop hepatic failure (Ekstedt, Franzen et al. 2006), it is not surprising that NASH is on its way to becoming the primary cause of liver transplantation in the USA and probably also in Europe (Charlton, Burns et al. 2011). These figures are all the more alarming when one realizes that the majority of so-called "unexplained" or cryptogenic cirrhosis cases may in fact be due to undiagnosed NASH (Ratziu, Bellentani et al. 2010). Moreover, NASH represents a very significant risk of liver cancer, and epidemiological studies show that this risk is 25 times greater than that measured in the general population (Kawamura, Arase et al. 2012). Ultimately, patients with NASH are at 10 times greater risk of dying from a liver-related disorder. Finally, besides its serious effects on the liver, NASH multiplies the risk of cardiovascular problems (myocardial infarction, stroke, peripheral vascular accident), which also contribute to the excess mortality measured in these patients (Musso, Gambino et al. 2011).

6.4.1.4. NASH: a major worldwide public health problem

The worldwide obesity epidemic resulting from the widespread adoption of a Western-type lifestyle underlies the worrying increase in the number of patients suffering from vascular, renal, microcirculatory and hepatic complications. On a global level, worldwide obesity has nearly tripled since 1975.[1] According to the World Health Organization, in 2016, more than 1.9 billion adults - were overweight. Of these over 650 million were obese.[2]

Throughout the world the number of cases of NASH is increasing constantly, correlated with the obesity pandemic. Thus, the current prevalence of NASH in the general population has already reached 5-16% in Europe, and 8-15% in the USA (Ryan, Johnson et al. 2002; Browning, Szczepaniak et al. 2004; Tran, Changsri et al. 2006; Williams, Stengel et al. 2011). Based on a recent report of the Organization for Economic Co-operation and Development (OECD), more than one in two adults and nearly one in six children are overweight or obese, across the OECD, with an average of 19.5% of the adult population being obese.[3]

In terms of public health, managing the NASH epidemic has become a priority for health organizations. In particular, joint recommendations from the Food and Drug Administration (FDA) and the American Association for the Study of Liver Diseases (AASLD) for the development of new diagnostic tests and new drugs have recently been published (A. Sanyal et al., Hepatology 2015: 1392-1405).

6.4.1.5. A serious under-diagnosed pathology with no treatment

NASH is today largely under-diagnosed since its diagnosis necessitates a liver biopsy, an invasive procedure that can be painful and that is not without risk. Thus, the effective management of the NASH patient population is in need of new non-

[1] Source : WHO. Fact sheet N°311 – February 2018
[2] Source : WHO. Fact sheet N°311 – February 2018
[3] Source: OCDE: Obesity Update 2017.

invasive diagnostic tools that are simple, reliable, and easily distributed, enabling the screening and detection of NASH patients to be treated.

Once diagnosed, hepatologists currently have no treatment solution specifically approved for their NASH patients. Indeed, several existing drugs have been tested but failed in clinical trials (Metformin or Pioglitazone Vitamin E; Rosiglitazone…).

6.4.1.6. A complex disease, with multiple co-morbidities

NASH is a complex disease pathology strongly correlated with diabetes, obesity and more generally metabolic syndrome.

Acting on multiple facets of the disease and its major metabolic risk factors, elafibranor has a significant potential for combining with other treatments to meet the medical needs of a large number of NASH patients.

6.4.1.7. The integrated responses proposed by GENFIT

For the past several years, GENFIT has implemented an integrated strategy for the management of at-risk NASH patients, consisting of the development of a non-invasive diagnostic test on one hand and elafibranor as a first-line therapy on the other hand.

Concerning the non-invasive diagnosis of NASH, GENFIT has launched a research initiative in the field of biomarkers based in particular on its expertise in transcriptomics applied to small circulating non-coding RNAs, or miRNA. This initiative benefits from a large bank of plasma samples from NASH patients who have undergone a liver biopsy. This patient population cohort covers a wide spectrum of NASH disease severity and activity. The Company reached a key milestone with the development of a proprietary algorithm enabling the identification of NASH patients to be treated with elafibranor or any other appropriate therapeutic solution (see Section 6.5.2 – "Research and validation of new diagnostic biomarkers"). This algorithm is now being validated in the clinic with patients in the RESOLVE-IT study. In mid-2017, the Company launched the industrial and regulatory development phase for the registration and marketing of a dedicated test or kit.

Concerning NASH treatment, and given the multi-factorial nature of the disease, the ideal anti-NASH drug candidate should not only treat NASH by acting on necro-inflammation, but also improve cardiometabolic co-morbidities such as insulin resistance and hyperglycemia, dyslipidemia (reduction of triglycerides and LDL-Cholesterol; increase of levels of HDL-Cholesterol) and the circulating levels of hepatic enzymes. This ideal profile corresponds to the intended and demonstrated properties of elafibranor in numerous pre-clinical and clinical (Phase I, Phases IIa and IIb) studies. In particular, elafibranor demonstrated its therapeutic efficacy in a placebo-controlled Phase IIb clinical trial conducted in Europe and the United States (GOLDEN-505 trial). The therapeutic efficacy of elafibranor on histological NASH was accompanied by a significant improvement in the cardiometabolic risk profile of the patients (see Section 6.6.1 – "General presentation and history of development").

To address the multifactoral nature of the disease and the multiple co-morbidities to which the NASH patient is confronted, Genfit is also evaluating combination therapy approaches combining elafibranor in NASH with molecules derived from other Company programs, molecules already marketed in other indications, or certain molecules currently being developed in NASH with the goal of treating the largest number of NASH patients. During the International Liver Congress in Amsterdam (April 19-23, 2017), the Company presented data on the therapeutic complementarity of elafibranor and an FXR agonist (exemplified with obeticholic acid), illustrating the potential for new combination treatments with elafibranor for the best possible care of NASH patients. The synergistic effect obtained in the disease models used showed an attenuation of fibrosis at submaximal doses, which confirmed the relevance of these combination approaches.

6.4.1.8. The current and future NASH market, and the major players

As the global epidemic of obesity fuels metabolic conditions, NAFLD and NASH have become among the most common liver disorders. In 2015, the global market for NASH was estimated to be worth approximately $800 million[4], and is projected by various experts to reach beyond $15 billion[5]-$20 billion[6] by 2025 (with a 2015-2025 CAGR of 34.1%).

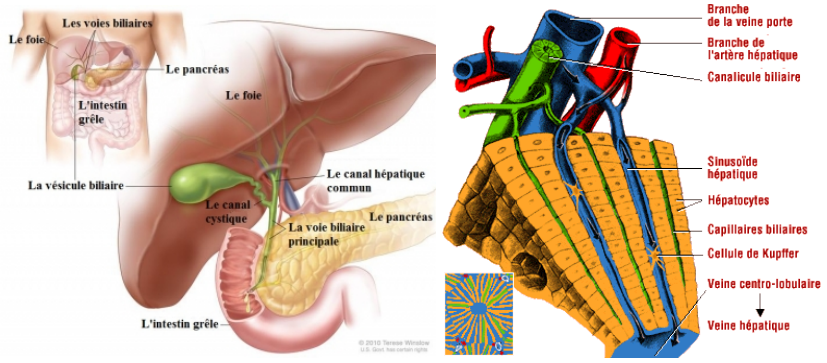
Global Data[7] evaluates the NASH market in the seven major markets[8] at approximately $620 million, which could reach up to $26 billion between now and 2026 (with a Compound Annual Growth Rate (CAGR) 2016-2026 of 45% in the seven major markets).

Over the last few years, the NASH market has been attracting increasing interest, whether from larger pharmaceutical companies or other healthcare stakeholders with an increasing number of transactions in 2016, whether mergers or licensing agreements, with smaller biotech companies including Allergan plc's purchase of Tobira Therapeutics or Gilead Science's purchase of Nimbus Therapeutics, a privately-held company with an early stage NASH program. As a result, the NASH market now includes big pharmaceutical laboratories such as Allergan (following the Tobira acquisition), Gilead Science and Novartis (via Conatus), and biotechnology companies like Genfit, Intercept Pharmaceuticals or Inventiva Pharma, which have been developing drug candidates specifically in this indication for many years. The development stages and methods of action of these different programs are nevertheless varied (see section 6.6.5 – "Market and competition for elafibranor" of this Registration Document).

In addition, NASH – a serious, widespread, but silent disease and still little known to the general public - now occupies an increasingly important and visible place at major scientific conferences on liver disease, whether it is the Liver Meeting® organized by the AASLD or the International Liver Congress, organized by EASL. Above all, it is the growing enthusiasm of the main players in this field for the first phase 3 results that are attracting attention, since they are on the horizon for 2019. This represents a strong trend, which reflects the importance of the unmet medical need today.

6.4.2. Chronic cholestatic diseases and auto-immune hepatitis

6.4.2.1. Primary biliary cholangitis (PBC)



[4] Cassidy S, Syed BA. Nonalcoholic steatohepatitis (NASH) drugs market. *Nat Rev Drug Discov*. 2016 Nov 3;15(11):745-746.
[5] Cassidy S, Syed BA. Nonalcoholic steatohepatitis (NASH) drugs market. *Nat Rev Drug Discov*. 2016 Nov 3;15(11):745-746.
[6] Source: Kempen & Co Merchant Bank estimates – Research Report dated December 3, 2014.
[7] Global Data: Opportunity Analyzer: NASH Opportunity Analysis and Forecasts to 2026, May 2017
8 USA, France, Germany, Italy, Spain, UK and Japan

PBC is an autoimmune disease that affects the intrahepatic bile canaliculi. PBC is a rare disease, with a prevalence of 40 cases per 100,000 head of population. Women are much more likely to be affected than men, and the incidence increases after the age of 50.

Cirrhosis is not generally advanced at the time of PBC diagnosis, and 60% of patients are asymptomatic when the disease is diagnosed.
The diagnosis of PBC is based on:

- the presence of antimitochondrial antibodies
- an increase in alkaline phosphatase.

The initial symptoms are general fatigue and the appearance of pruritus or itching (20-70% of cases). Other potentially associated symptoms include dry eyes, dry mouth and icterus (jaundice).

Left untreated, PBC invariably leads to cirrhosis, liver failure and transplantation. In the absence of treatment, the 10-year survival of asymptomatic patients is between 50 and 70%, with a mean survival of 16 years. Amongst symptomatic patients, mean survival in the absence of treatment is only 7-8 years. PBC is said to be responsible for 2 to 3% of deaths by cirrhosis.

For many years UDCA was the only drug approved for the treatment of PBC, but 40% of patients do not respond or respond poorly to treatment, and remain at elevated risk of cirrhosis, liver failure and transplantation.

Since May 2016, Intercept Pharmaceuticals markets Ocaliva in the United States for the treatment of PBC. This drug, based on obethicholic acid, is also marketed in Europe since January 2017 and In Canada since July 2017. Nevertheless, in September 2017, following the death of 19 PBC patients being treated with Ocaliva, the FDA published a safety announcement for Ocaliva, indicating that some patients with moderate to severe decreases in liver function had been incorrectly dosed, resulting in an increased risk of serious liver injury and death. The FDA also indicated that Ocaliva may also be associated with liver injury in some patients with mild disease who are receiving the correct dose. As a result, in February, the FDA had a black box warning added to the Ocaliva label, the most severe warning issued by the FDA, in order to ensure correct dosing and reduce the risk of liver injury in PBC patients with moderate to severe liver disease.

Since current treatments only adequately treat part of the patient population and/or cause significant side effects such as pruritus, a major and well-known symptom that already affects most PBC patients, or include safety risks, GENFIT is conducting a Phase II trial to evaluate elafibranor in this disease in order to offer a wider population of patients a new therapeutic solution, which is better tolerated and offering a better safety profile (see section 6.6.5 – "Elafibranor in CBP development plan" of this Registration Document).

6.4.2.2. Chronic auto-immune hepatitis

Auto-immune hepatitis is a chronic inflammatory liver disease of unknown etiology, characterized by the presence of auto-antibodies. This rare disease has an estimated prevalence of 0.5 to 1/100,000 and is more common in women than in men.

Auto-immune hepatitis is classified into two major types:

- Type 1, characterized by the presence of anti-actin and anti-SLA (Soluble Liver Antigen) antibodies. Can occur at any age, but is more common in adults.
- Type 2, characterized by the presence of anti-LKM (Liver Kidney Microsomes) antibodies. Occurs almost exclusively in children, and exceptionally post-puberty.

Ten to 15% of cases of primary biliary cholangitis (PBC) (see section 6.4.2.1 – "Primary biliary cholangitis (PBC)" of this Registration Document) and primary sclerosing cholangitis (PSC) (see section 6.4.2.3 – "Primary sclerosing cholangitis (PSC)" of this Registration Document) are associated with chronic auto-immune hepatitis. The disease may be triggered by certain factors (viral infections, medicines), and genetic background likely plays a role.

The diagnosis of the disease relies on four elements:

- A moderate but chronic increase in transaminases, with no apparent explication,
- An increase in gamma-globulins of greater than 1.2-fold above the normal range (in 90% of cases),
- The presence of specific auto-antibodies: anti-SLA or anti-LKM,
- Liver biopsy indicating lesions around the portal space.

Due to the associated risk of PSC, patients with auto-immune hepatitis should undergo an MRI scan of the biliary tract upon initial diagnosis and during routine follow-up.

If the diagnosis of auto-immune hepatitis occurs too late, cirrhosis or severe life-threatening hepatitis may develop. In such cases, liver transplant is the only option in the short- or long-term.

Current treatment solutions are based on the administration of corticosteroids, alone or in combination with immuno-suppressors. To avoid disease recurrence, such treatments must be maintained for life, which leads to the problem of long-term side-effects. Moreover, patients with Type 2 auto-immune hepatitis generally do not respond or are poor responders to these treatments.

6.4.2.3. Primary sclerosing cholangitis (PSC)

Primary Sclerosing Cholangitis (PSC) is a disease that affects the intra- and/or extra-hepatic bile ducts. PSC is a rare disease of young people (mean age of diagnosis 40 years) and tends to affect men (70%). Unlike primary biliary cholangitis (PBC), this disease can affect children. In 80% of cases, it is associated with chronic inflammatory bowel disease (IBD), essentially ulcerative colitis. Its incidence is estimated to be around 1/100,000 in the USA and in Europe.

Diagnosis relies on a combination of the following four signs:

- cholestasis,
- evidence of abnormalities (stenosis) of the bile ducts on imaging,
- histological lesions upon microscopic examination of a liver biopsy,
- the presence of associated chronic IBD.

The symptoms appear gradually and are largely shared with PBC: asthenia, pruritus, jaundice and weight loss. Abdominal pain can accompany these symptoms in 10 to 15% of cases.

This condition is associated with a very high morbidity due to its progression to cirrhosis and its complications, and a very elevated risk of cholangiosarcoma. PSC invariably progresses, and a liver transplant is generally required within 10-15 years of diagnosis. Identified prognostic factors include age, serum bilirubin and albumin levels, transaminase activity and the histological stage of fibrosis. PSC is associated with a high risk of cancer of the bile ducts. Thus, 30 to 50% of cholangiocarcinomas are diagnosed within 2 years following the discovery of PSC. There is also an increased risk of colorectal cancer due to the associated presence of chronic IBD.

There is no treatment for PSC, which remains a rare disease.

6.4.2.4. GENFIT's solutions for PBC, PSC, and auto-immune hepatitis

PBC, PSC, and auto-immune hepatitis are rare diseases associated with high morbidity and mortality, for which either no treatment exists (PSC), efficient treatments exist but only for certain patients (PBC, auto-immune hepatitis), or treatment options are associated with strong side-effects.

In this context, in 2017, the Company launched a program of Phase II clinical studies in elafibranor in PBC in patients who have not sufficiently responded to the standard primary treatment with ursodeoxycholic acid (UCDA); which represents approximately 50% of patients.

In particular, based on the fact that these hepatic diseases mainly result from a dysfunction of the immune system, GENFIT has focused its research on the modulation of the activity of key immune cells, the T-lymphocytes, which are a category of lymphocytes play an important role in immune-response.

In particular, in the context of its TGFTX1 program, Genfit identified novel antagonists of the nuclear receptor RORγt (RORgamma-t), that plays an essential role in the regulation of the immune system by selectively and efficiently interfering with the production of the pro-inflammatory cytokine, interleukin-17 (IL-17) in human leukocytes. In support of this innovative approach, the inhibition of the IL-17 pathway as a pharmacological objective for the treatment of inflammatory and/or auto-immune diseases is clinically proven[9] (see section 6.7.3 – "TGFTX1 and RORγt : a research program of drug-candidates for certain inflammatory and auto-immune diseases" of this Registration Document).

6.4.3. Advanced liver fibrosis and cirrhosis

6.4.3.1. Definitions

Cirrhosis is defined as an excessive accumulation of liver fibrosis, characterized by morphological criteria of liver scarring and major changes in liver architecture upon histological examination of a biopsy.

Often asymptomatic in the early stages (compensated cirrhosis or pre-cirrhotic liver with advanced fibrosis), these structural anomalies progress relatively rapidly and lead to liver dysfunction (decompensated cirrhosis), that can result in serious complications and potentially death. In the absence of a treatment option to sufficiently restore liver function, there is no alternative but liver transplantation.

The complications and clinical signs of decompensation are:

- Increased blood pressure in the portal vein.
- Fluid build-up in the abdomen (ascites), that can become infected and provoke septicemia.
- Esophageal varices, the rupture of which can lead to life-threatening hemorrhage.
- Hepatic encephalopathy (brain dysfunction leading to coma and death), resulting from the accumulation of a toxic agent (ammonium) that is no longer eliminated by the dysfunctional liver.
- A decrease in the levels of blood albumin and an alteration in blood clotting, leading to excessive bleeding.

Apart from the risk of decompensation, cirrhosis is associated with a strong increase in the risk of liver cancer. Consequently, cirrhosis shows a very high mortality, and more than 25% of patients die within two years of a complication or of liver cancer.

Cirrhosis is the ultimate consequence of almost all chronic liver diseases:

- Alcoholic hepatitis
- Viral hepatitis (mainly hepatitis C)
- NASH (probably responsible for more than half the cases of so-called cryptogenic cirrhosis, for which an underlying cause has not been identified)

[9] See for example : Langley et al. – Secukinumab in plaque psoriasis – results of two phase 3 trials. New England Journal of Medicine. 2014 Jul 24; 371 (4) : 326-38.

- Chronic cholestatic diseases (PBC, PSC) and auto-immune hepatitis
- Drug-induced chronic hepatitis
- Wilson disease, etc.

Regardless of the etiology, the prevalence of cirrhosis in the United States and Europe is approximately 0.2-0.3% of the overall population. More than half of this population of cirrhotic patients is asymptomatic (compensated cirrhosis) and is unaware of its disease.

If mild to moderate liver fibrosis is generally reversible when the underlying chronic liver disease is treated (anti-viral agents for hepatitis C), the advanced stages of fibrosis and cirrhosis are generally considered irreversible.

At present, prescribed medicines aim to control the complications but do not treat the underlying cause, fibrosis. Indeed, there is currently no anti-fibrotic drug capable of sufficiently regressing fibrosis and reversing the structural alteration of the liver.

6.4.3.2. The specific solutions proposed by GENFIT for hepatic fibrosis

The TGFTX4 program searches for novel anti-fibrotic molecules by a phenotypic screening approach based on the inhibition of the activity of hepatic stellate cells responsible for fibrosis formation. In this context, the Company has identified two new families of molecules that show strong anti-fibrotic activity in cellular tests and in animal models of liver fibrosis; some of which are from the pharmacopeia. The drug candidate(s) issued from this program will be developed or repurposed for the treatment of advanced hepatic fibrosis and cirrhosis (see Section 6.7.2 – "TGFTX4 : a research program of drug candidates for fibrotic diseases").

The Company plans specifically evaluate elafibranor in the sub-population of NASH-induced cirrhosis.

6.5. EXPERTISE AND KNOW-HOW OF GENFIT

With its top-rate teams, GENFIT has all the expertise and know-how necessary for the research and development of innovative therapeutic or diagnostic solutions, from identification to proof of efficacy and safety in advanced clinical trials. Implementing a perfectly tailored technical platform, GENFIT relies on its internal expertise and on privileged collaborations established with specialist companies or internationally-recognized opinion leaders, to define and implement "bespoke" R&D strategies.

The manufacture of active ingredients and therapeutic units is subcontracted to CMOs (Contract Manufacturing Organization) chosen from the outset for their capacity to produce industrial batches. If necessary, GENFIT could entrust the manufacture of elafibranor, once marketing authorization has been obtained, to these companies or to others as part of its strategy to set-up dual sources.

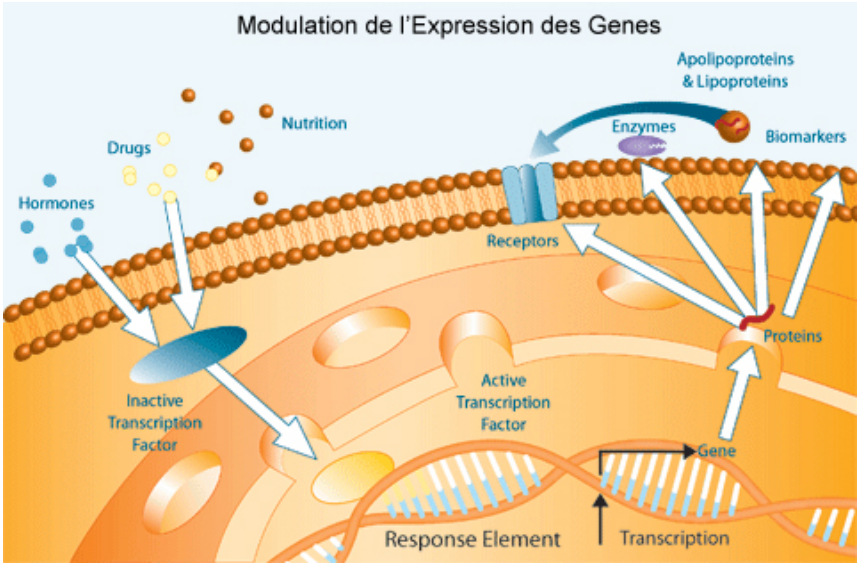
6.5.1. Expertise on nuclear receptors as targets

Research for innovative drug candidates at GENFIT relies in the first instance on the internationally-recognized scientific expertise of Prof. Bart Staels (more than 600 publications on the PubMed bibliographic database) and GENFIT researchers in the modulation of gene expression via a family of specific transcription factors, the nuclear receptors.

Gene expression in cells underlies the biological functions of cells and tissues. It obeys a complex regulation system in which proteins called transcription factors play a major role: depending on the activation state of transcription factors, a

gene can be rendered active or inactive. Among the transcription factors, nuclear receptors are widely implicated in the control of key biological processes.

The international scientific community is focused on these mechanisms for regulating gene expression. Modulation of gene expression is explained in the diagram below:



GENFIT has developed internationally-recognized expertise in the understanding of these complex mechanisms and processes. This expertise has enabled it to develop strategies to select the most promising drug candidates in order to offer the best therapeutic solutions.
Given their central role in the modulation of biological activities, via the regulation of gene expression, transcription factors are of great interest as targets for drug treatment, providing scope for correcting deregulated physiological processes and thereby intervening in a suitable way to treat patients.

Amongst the transcription factors, nuclear receptors, of which several have been identified as targets of drug candidates developed by the Company, have the advantage that they can be modulated by specific molecules, ligands, which, depending on the case, can lead to increased or decreased expression of target genes. Regulation of nuclear receptor activity is the central mechanism of action of many drugs currently on the market (estrogens, glucocorticoids, androgens, fibrates etc.) and the majority of GENFIT's drug candidates, including elafibranor. Such drugs account for over 10% of the 100 most commonly sold medicines in the world.

This capacity for nuclear receptors to differentially regulate multiple genes makes them ideal therapeutic targets to act on the different risk factors implicated in the development of metabolic diseases (dyslipidemia, Type 2 diabetes), inflammatory diseases, auto-immune and/or fibrotic liver diseases (NASH, PBC, PSC, cirrhosis), and chronic IBD.

For example, the type 2 diabetic patient generally suffers from multiple metabolic disorders that go well beyond a "simple" increase in plasma glucose concentration (hyperglycemia). Similarly, the NASH patient is subject to multiple disorders that go beyond "simple" liver steatosis: hyperglycemia, dyslipidemia, a pro-inflammatory state, hypertension, and insulin resistance that are all causes and consequences of liver dysfunction. Targeting a nuclear receptor enables one to act simultaneously on several of these factors, and therefore constitutes a real advantage compared to a therapeutic target with a single physiological effect.

Using this approach, Genfit is developing several R&D programs targeting different families of nuclear receptors:

- The PPAR nuclear receptors—Peroxisome Proliferator-Activated Receptor—(PPARα and PPARδ in particular), on which Genfit has been working since it was founded, are favored targets in the treatment of numerous multifactoral disorders such as diabetes or NASH. These are the targets of elafibranor; and

- The ROR (retinoic acid-related orphan receptors) receptors (TGFTX1), for which the majority of research currently conducted principally targets autoimmune diseases.

By targeting these nuclear receptors, Genfit intends to develop a new generation of drug candidates with an improved efficacy/safety ratio.

6.5.2. Research and validation of new diagnostic biomarkers

6.5.2.1. Use of biomarkers

Biomarkers are biological measurements associated with a defined biological state. These markers are generally proteins or other cellular constituents that are found in body fluids such as cerebrospinal fluid, blood or urine, and that are specifically linked to a disease.

Biomarkers can be detected using physical, biochemical or molecular methods. They can be used alone or in combination as indicators of a normal or pathological state, but also as a control of a pharmacological response to a therapeutic intervention. The robustness of a biomarker detection test depends on its selectivity and specificity, i.e. its ability to avoid false positives as well as false negatives.

Since its foundation, GENFIT has acquired all the competences necessary for the discovery and rapid development of novel biomarkers.

These platforms, which use cutting-edge technologies, combined with access to human samples via close collaborations with numerous hospital services, have enabled GENFIT to rapidly launch the early phases of clinical validation.

The development of biomarkers plays an important role in the diagnosis, as well as the management and treatment of a given disease. In addition, biomarkers are valuable tools in the implementation of clinical trials as well as for evaluating the efficacy of drug candidates.

6.5.2.2. Micro-RNA (miRNA) : a new type of biomarkers

GENFIT has developed a strong expertise in a wide range of technologies such as proteomics, peptidomics, transcriptomics applied to miRNA, and the purification and quantification of micro-vesicles or circulating nucleic acids (miRNA).

MicroRNAs (miRNAs) represent a class of small non-coding RNA whose principal function is the regulation of the expression of target genes, by acting on the stability and the translation of their mRNA. Today it is estimated that more than one-third of human genes are regulated by miRNAs. As such, they play an essential role in numerous biological processes, such as development, proliferation, differentiation, and apoptosis. Multiple studies in man have demonstrated a close association between circulating levels of miRNA and the development and progression of several cancers. As a result, oncology is the principal research domain on circulating miRNAs. Recent studies have also highlighted an important role for miRNAs in the regulation of liver development and pathophysiology in man.

Since miRNAs are released from cells in response to stress, they can be detected in most biological fluids including blood. Moreover, their stability coupled with their tissue specificity makes them ideal candidates in the search for non-invasive biomarkers.

Since its creation, GENFIT has developed a recognized expertise in the domain of transcriptomics applied initially to mRNA, an expertise extended in recent years to circulating small non-coding RNAs, in particular miRNAs. GENFIT has thus developed methods for the extraction and the rapid and reliable measurement of any miRNA, in samples of blood, serum, or plasma. Moreover, GENFIT uses advanced technologies, such as Next-Generation Sequencing (NGS), in its research programs for novel candidate biomarker miRNAs.

6.5.2.3. Biomarkers for non-invasive NASH diagnosis

Histological examination of liver biopsies is the standard method for NASH diagnosis. However, liver biopsy is invasive and presents a number of limitations such as cost, variability of the samples and variability of the histological analysis.

In order to overcome the problems associated with NASH diagnosis, GENFIT has developed a proprietary program, BMGFT03. This program benefits from the Company's technical expertise and the availability of high-quality samples and associated clinical data coming, in particular, from the Phase IIb (GOLDEN 505) study of elafibranor. The program has two objectives:

- to find new biomarkers and/or an innovative algorithm of biomarkers to ensure better NASH diagnosis with a key medical priority: identify NASH patients to treat . This approach should result in better patient stratification;
- to find new biomarkers and/or an innovative algorithm of biomarkers to identify patients who best respond to elafibranor. This approach should lead to the discovery of a companion biomarker for elafibranor.

In 2015, the Company reached a key milestone with the development of a proprietary algorithm, including two new miRNA biomarkers(miR-200a and miR-34a) enabling the identification of NASH patients to be treated with elafibranor or any other appropriate therapeutic solution (see 6.7.1 – "BMGFT03: Biomarqueurs and in vitro diagnostic (IVD) tests in NASH" of this Registration Document for further information about this program).

The Company plans to continue the confirmation of this algorithm in the context of the phase III RESOLVE-IT pivotal trial and in other patient cohorts, all the while increasing its predictive power by adding on the new miRNA biomarkers and then building a partnership with a diagnostic actor to ensure its industrial development, distribution and marketing worldwide.

6.5.2.4. Biomarkers for pre-diabetic diagnosis

The early treatment of cardio-metabolic patients requires identifying patients before they develop a more serious pathology. Thus, preventing the progressive destruction of insulin secreting cells responsible for the onset of type 2 diabetes involves identifying patients who are actually "pre-diabetic".

To date, the definition of pre-diabetes based solely on glycemia does not help predict the evolution toward type 2 diabetes and its complications.

GENFIT, as the leader of a research consortium initiated in 2008 called IT-DIAB, initiated with its partners a large cohort of patients at risk for Type 2 diabetes. This cohort, established in collaboration with the Diabetology department of Nantes University Hospital, notably enables the longitudinal follow-up of 900 patients with morbid obesity, giving Genfit access to phenotypical data and valuable biological samples. The Company continues to follow these patients and could, once it has acquired sufficient longitudinal data, continue, on this basis, the proprietary research program (BMGFT02) based on the development of biomarkers that are predictive of evolution from the pre-diabetic to the diabetic state.

6.5.3. Preclinical and clinical expertise in its therapeutic areas

Thanks to its scientific and technical expertise, GENFIT is able to conduct all the studies enabling it to develop preclinical models, and to demonstrate the therapeutic relevance of a new product. To do this, GENFIT benefits from a complete range of in vitro and in vivo technologies that enable it to evaluate the pharmacological activity of its compounds.

The Company also has the necessary expertise and experience to coordinate and manage the entire pharmaceutical development process by Contract Manufacturing Organizations (production of batches of active substance, and of capsules or tablets for clinical trials), as well as all the regulatory toxicological, pharmacokinetic and ADME (Absorption, Distribution, Metabolism and Elimination of the product after administration) studies required before any administration of a new drug candidate to humans.

In parallel with this preclinical expertise, GENFIT has been able to develop specialist know-how enabling it to define, structure, pilot, and supervise major international clinical trials, which it delegates to specialized Contract Research Organizations, and thus to provide evidence of efficacy and safety in humans. In the case of elafibranor, GENFIT has conducted around fifteen Phase I and Phase II clinical trials in Europe and North America; approximately 800 patients or healthy volunteers have received prior to the commencement of GENFIT's Phase III pivotal trial in elafibranor targeting recruitment of up to 2,000 patients.

Genfit relies on different levels of expertise:

- in-depth scientific knowledge of gene regulation which makes it well-placed to understand biological mechanisms;
- a perfect understanding of the means and methods that enable it to satisfy a constant demand for translation between animal models and humans;
- a strong clinical knowledge of the targeted diseases.

6.5.4. Effective regulatory know-how

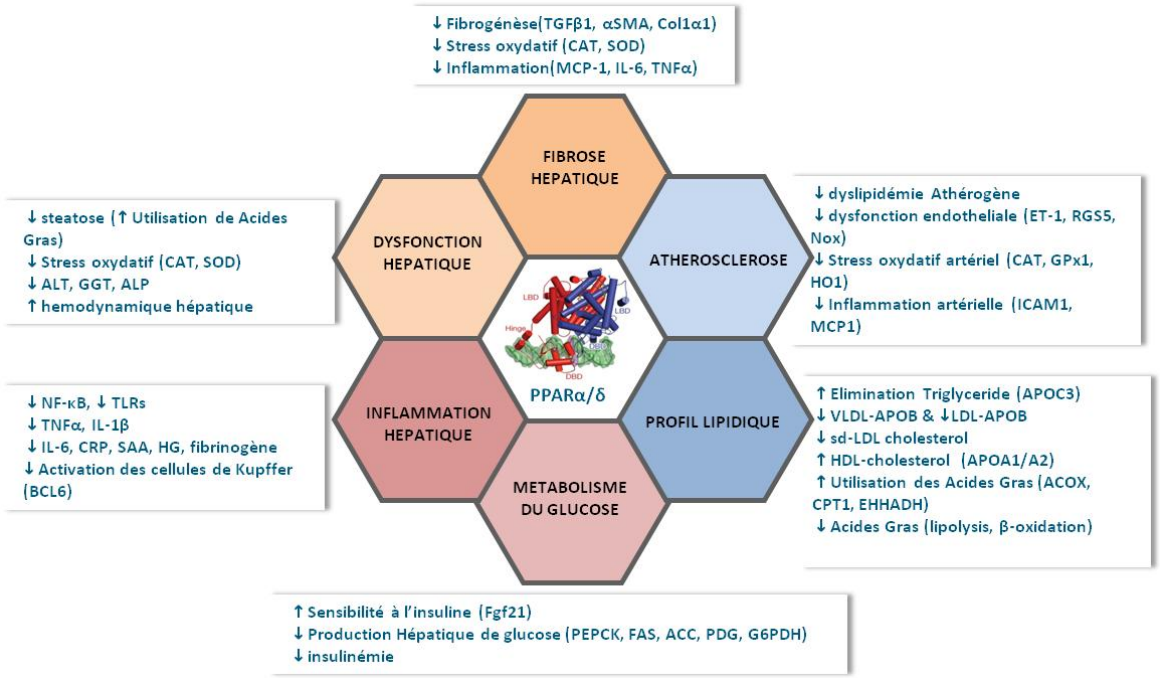
Throughout the process, Genfit complies with all regulatory requirements through expert knowledge and effective regulatory oversight. The Company prepares and submits to health authorities the necessary product documents such as IMPD (Investigational Medicinal Product Dossier) or IB (Investigator's Brochure), etc. It also administers a document management system throughout the lifetime of the product, according to regulatory submission formats.

Regulatory requirements are integrated into the quality system which, through internal and external procedures and audits, ensures compliance with these requirements throughout the implementation of R&D projects.

6.6. ELAFIBRANOR

6.6.1. General presentation and history of development

Elafibranor (previously GFT505) and its principal metabolite GFT1007 are dual agonists acting simultaneously on the receptors PPARα and PPARδ. As illustrated in the diagram below, these receptors are implicated in particular in numerous physiopathological processes of interest for the treatment of NASH and its comorbidities.



All the preclinical and clinical (Phase I and Phase IIa) studies conducted have confirmed the wide spectrum of activity expected with a dual PPARα/δ agonist.

In pre-clinical studies, elafibranor demonstrated its efficacy on NASH and hepatic fibrosis, as well as its hypolipidemic, insulin-sensitizing, anti-diabetic, and anti-atherosclerotic activity.

Efficacy data already obtained in Man through several Phase IIa studies at the dose of 80 mg/d in patients with dyslipidemic atherogenesis, insulin resistance, pre-diabetes, or diabetes (patients at risk for NASH) demonstrated, in summary, that elafibranor:

- improves levels of plasma lipids and lipoproteins ;
- improves insulin sensitivity and glucose metabolism ;
- has anti-inflammatory effects;
- reduces markers of hepatic dysfunction.

Following the recommendations of a committee of scientific experts in 2011, GENFIT chose to focus principally on the treatment of NASH. This choice led to the launch of a Phase IIb study in this indication.

This multi-center international trial aimed to evaluate the efficacy and tolerability of elafibranor administered once per day to NASH patients.

The principal objective of this Phase IIb (GOLDEN 505) study was to evaluate the efficacy of daily treatment with elafibranor 80 mg or 120 mg for 52 weeks versus placebo, on (i) the reversal of histological steato-hepatitis, and (ii) the absence of worsening of fibrosis. Numerous secondary objectives were included in the protocol to evaluate the efficacy of elafibranor on other histological criteria of NASH (evolution of NASH severity score, or NAS score, steatosis, inflammation, ballooning,..), on plasmatic markers of hepatic dysfunction, on plasma lipids, on insulin resistance and glucose metabolism, on inflammatory markers, and on safety markers.

The patients included in this study had NASH defined as follows based on the histological examination of a biopsy performed at recruitment:

- a NAS score ≥3 ; and
- a score ≥1 for each of the three components of the NAS score, namely steatosis, inflammation, and ballooning.

A second biopsy was performed at the end of the 52-week treatment period, to evaluate the efficacy of elafibranor vs placebo.

The study was launched at the end of the third quarter 2012, both in Europe and the United States (274 patients recruited). The treatment of the first patients recruited in Europe and the United States began in mid-November 2012 after having obtained approval favorable opinion of the European Medicines Agency and the approval of the Food and Drug Administration (FDA) in the United States.

The first efficacy data of the Phase IIb « GOLDEN-505 » were announced in the spring 2015.

After correction for baseline severity and site heterogeneity by a standardized statistical analysis, elafibranor 120mg met the primary endpoint of the study: Reversal of NASH without worsening of fibrosis.

Analysis showed that a high proportion (approximately half) of the patients moderately affected (with a NAS=3 score) spontaneously eliminate their NASH. A secondary analysis performed on the population that the Company is targeting for its Phase III study (NAS≥4) demonstrated the significant activity of the compound at 120mg/day on the primary endpoint of the study and on numerous other histological evaluation criteria.

Moreover, the evaluation of the secondary endpoints confirmed the therapeutic activity of elafibranor 120mg on the cardiometabolic risk factors associated with NASH:

- improved levels of plasma lipids and lipoproteins;
- improved insulin sensitivity and glucose metabolism;
- anti-inflammatory effects;
- reduction of markers of hepatic dysfunction.

Taken together, these beneficial effects on cardio-metabolic parameters are very important for the treatment and management of NASH patients, in whom cardiovascular disease is the leading cause of mortality.

A more complete presentation of the results of the Phase IIb GOLDEN 505 study was given at the annual congress of the American Association for the Study of Liver Diseases (AASLD – San Francisco – 13th to 17th November 2015). The results of the study were published in a prestigious international medical journal: V. Ratziu et al: “Elafibranor, an Agonist of the Peroxisome Proliferator-activated Receptor-α and -δ, Induces Resolution of Nonalcoholic Steatohepatitis Without Fibrosis Worsening”, Gastroenterology, 2016: 150:1147-1159. This publication showed that at 120mg, elafibranor achieved resolution of NASH without fibrosis worsening based on the new consensual definition of NASH resolution. This new definition is the one used in the Phase III RESOLVE-IT study currently in the recruitment phase and on which will be based the potential conditional accelerated approval (“Subpart H”) for commercialization of elafibranor in NASH.

The Company continues to capitalize on the results of the GOLDEN-505 Phase IIb study, including a "late-breaking" abstract at the American Association for the Study of Liver Diseases (AASLD - Boston, November 11-15, 2016), which highlighted the importance of treating the histological parameters of NASH, specifically necro-inflammation (ballooning and inflammation), to regress fibrosis. Indeed, in the GOLDEN-505 study, there was a strong correlation between improvement in NASH activity and regression of fibrosis, which supports the hypothesis that NASH resolution is reasonably likely to predict a long-term beneficial clinical effect.

6.6.2. Safety profile

6.6.2.1. A complete toxicology dossier with no safety issues

Elafibranor toxicity has been evaluated in numerous regulatory animal studies, with up to two years of treatment in rats and mice and up to one year of high-dose treatment in monkeys. These studies did not reveal any major sign of toxicity. In particular, elafibranor shows none of the deleterious effects associated with glitazones. It does not induce weight gain, peripheral edema, or heart weight increase. Two-year carcinogenicity studies in mice and rats did not reveal any cancer risk relevant to man.

6.6.2.2. No safety issues in all Phase I and Phase II clinical studies, continuing in Phase III

The safety of use of elafibranor has been evaluated through Phase I studies in healthy volunteers, as well as overweight/obese or diabetic subjects.

Phase I studies testing single doses of Elafibranor of up to 360 mg did not reveal any signs of intolerance or toxicity. Similarly, Phase I studies testing repeated doses of elafibranor at up to 300 mg/d for 14 days showed no safety issues. A regulatory cardiac safety study showed no safety risk for the heart at the dose of 300 mg/d.

The safety of use has been confirmed in all the Phase IIa studies performed to date in cardiometabolic patients (up to 3 months of treatment in diabetic patients).

Finally, in the Phase IIb GOLDEN-505 study, the safety assessment after one year of treatment demonstrated a very favorable profile. There were no cardiac events, signals on cancer, nor deaths in the elafibranor treatment groups. Body weight remained stable, and no signal for edema was observed. A mild increase in creatinine was noted (< 5%; Elafibranor 120mg vs placebo), which is a known reversible effect of elafibranor and molecules acting on PPARα nuclear receptors. The most common adverse events were of gastrointestinal nature and of mild intensity, with no notable difference between groups.

Furthermore, the RESOLVE-IT phase III study, like any clinical trial, is submitted throughout the study to a regular review by the Data Safety Monitoring Board (DSMB), an independent monitoring and surveillance committee. In planned reviews at 1 year, 18 months and most recently at 24 months in April 2018, based on the review of safety data, including side effects and laboratory data, the DSMB recommended continuation of the RESOLVE-IT clinical trial without any modifications.

6.6.3. A development plan agreed with agencies (Fast track)

Considering the importance of NASH in terms of public health, the FDA granted on February 14, 2014 the Fast Track designation to the elafibranor development program for the treatment of NASH. The FDA's Fast Track program is designed to facilitate the development and expedite the review of new drugs that are intended to treat serious or life-threatening conditions, and that demonstrate the potential to address unmet medical needs. The aim is to ensure that new therapies for serious conditions are approved and available to patients as soon as possible. This designation permits close and regular contact between GENFIT and the FDA, thus enabling the joint definition of the most efficient development plan through frequent meetings and an accelerated review process.

6.6.4. The Phase III RESOLVE-IT clinical trial in NASH

Elafibranor is currently evaluated in a pivotal Phase III clinical trial of Elafibranor in NASH, with the aim of obtaining an accelerated marketing authorization for the product based on the intermediate analysis of a single histological endpoint after 72 weeks of treatment.

RESOLVE-IT is a randomized, double-blind, placebo-controlled (2:1) Phase III trial, conducted in approximately 2,000 patients, at approximately 200 centers worldwide. The study population includes NASH patients (NAS≥4) with F2 or F3 fibrosis. Elafibranor 120 mg and placebo is administered once daily.

An interim analysis, for initial market approval under Subpart H will be performed after 72 weeks in order to evaluate the beneficial effect of elafibranor in the first 1,000 patients on the basis of the following surrogate histological primary endpoint (after centralized reading of the histological results): NASH resolution without worsening of fibrosis, defined as ballooning=0, inflammation=0-1.

Subject to satisfactory clinical results obtained during the first stage of this study, and meeting the timelines estimated by the Company for its completion and the authorization of the regulatory agencies (see Section 4.1.1.1 – "Risks related to clinical trials" of this Registration Document regarding the uncertain nature of these parameters), a conditional market authorization could be obtained for elafibranor in NASH during the course of 2020.

To support full approval, the trial will continue post-marketing in order to demonstrate the impact of elafibranor on the prevention of cirrhosis and other liver related outcomes on the full study population. A group of patients with F1 fibrosis and concomitant cardiometabolic comorbidities, which are associated with rapid progression of the disease, will also be enrolled.

In order to confirm the long-term clinical benefits of treatment with elafibranor 120mg, the trial will continue post-marketing and remain blinded after the interim analysis. All patients will be followed until the occurrence of a pre-defined number of progressions to cirrhosis and other liver related events.

The trial also evaluates key secondary histological endpoints, including an improvement of fibrosis, as well as non-invasive NASH markers. In addition, the trial will assess the improvement of cardiometabolic profile, including plasma lipids, glucose homeostasis and inflammatory markers.

In April 2018, the Company announced it had has reached the target recruitment for the interim cohort analysis of approximately 1,000 patients including the recruitment for the exploratory arm of patients with F1 stage fibrosis. During the recruitment, a particular focus was made on the balanced distribution of treatments across all sites and countries, based on stratification according to gender, diabetes, and disease severity. In the international setting, patients have been enrolled in more than 250 sites across North America, Europe, Australia, Latin America, Turkey and South Africa.

Interim baseline data on the first 1,000 randomized patients show that these NASH patients have metabolic co-morbidities, with 48% having type 2 diabetes, 59% having hypertension, and 51% having dyslipidemia. The average BMI is 34. Hispanics represent 25% of the study population. The baseline characteristics of the study population are in line with the expected associated risk factors for NASH and fibrosis. However, the Company remains exposed to the risks associated with clinical trials and cannot guarantee that clinical trials will be carried out in a timely manner - see, in particular, Chapter 4 – « Risk factors » and Section 4.1.1.1 – « Risks related to clinical trials » of this Registration Document.

In November 2016, GENFIT initiated the first studies of juvenile toxicology of the elafibranor Pediatric Investigation Plan (PIP) in the NAFLD/NASH (the goal of the PIP is to support pediatric authorization of drug) following the positive opinion emitted of the EMA. In January 2018, the Company announced the official launch of the NASH pediatric program with elafibranor. The approval of the PSP by the FDA will lead the Company to launch the first pediatric trial to evaluate the safety and efficacy of elafibranor in children with NASH. The Company anticipates launching in the first half of 2018 the "PK/PD" studies to specifically evaluate the exposure of children and adolescents to elafibranor in order to study its relationship to the effects of the drug candidate.

6.6.5. Elafibranor in PBC development plan

Since current Primary Biliary Cholangitis (PBC) treatments adequately treat only part of the patient population and/or generate significant side effects such as pruritus, a major and well-known symptom that already affects most PBC patients, Genfit launched a Phase II study aiming at evaluating elafibranor in this disease in order to offer a larger population of patients a new, better tolerated and safer therapeutic solution.

This trial is designed to be a multicenter, double-blind, randomized, placebo-controlled, Phase II study to evaluate the efficacy and safety of elafibranor after 12 weeks of treatment in patients with PBC and inadequate response to ursodeoxycholic acid.

The trial's main characteristics are:

- 3 arms: elafibranor 80mg, 120mg, placebo
- 45 patients (15 patients per arm)
- International, multicenter study in the U.S. and in three European countries

The primary objective is to determine the effect of daily oral administration of elafibranor on serum alkaline phosphatase (ALP) in these patients, based on relative change *versus* placebo.

Secondary endpoints will include:

- ALP < 1.67 × upper limit of normal (ULN) and total bilirubin within normal limit and > 15% decrease in ALP
- Paris, Toronto, UK PBC scores
- Pruritus and QoL (Quality of Life)
- Safety of elafibranor in a PBC population

The European and American centers participating in the Phase 2 study have all been identified, and the first ones are already active.

The first patient in the phase IIa study was randomized in May 2017 and the Company expects the top line results to be available, subject to respecting the timelines estimates for the trial and the anaysis of the results, at the end of 2018.

6.6.6. Market and competition for elafibranor

As of the date of this Registration Document, the Company intends to participate in the marketing of elafibranor in two indications:

- In NASH,
  - In adults, elafibranor is currently evaluated in the Phase III RESOLVE-IT study;
  - In children, through the pediatric program officially launched following approval of the EMA and FDA respectively of the PIP and PSP.
- In PBC, elafibranor is currently being evaluated in a Phase II study after authorization by the FDA in November 2016.

Regarding the risks related to the competition, see section 4.1.8 – « Risks related to competition" of this Registration Document.

NASH

Global Data[10] evaluates the NASH market in the seven major markets[11] at approximately $620 million, essentially represented by the prescription of drugs already approved for other diseases, but that show no proof of efficacy in NASH. Global Data estimates the market could reach up to $26 billion between now and 2026 (with a Compound Annual Growth Rate (CAGR) 2016-2026 of 45% in the seven major markets).

This very strong growth expected over the next ten years is due to the increased prevalence of NASH (the prevalence estimations used to evaluate markets potential before are 10% in US and 6% on average for Europe), and above all by the arrival on the market of therapeutic solutions and non-invasive diagnostic tools specifically approved for this indication. Disease awareness efforts conducted in the NASH space by a coalition of key stakeholders will also drive market expansion, as an increasing number of physicians from different specialties (hepatology, gastro-enterology, endocrinology, diabetology, cardiology, OB-GYN, general practictioners, etc.) will get acquainted with the disease, i.e. will better understand risk factors as well as diagnostic and therapeutic options. This will result in better detection, and better clinical management of NASH patients.

Genfit's elafibranor is one of four drug candidates in development currently in Phase III in NASH. The following table summarizes the portfolio of products in advanced clinical development (Phase 2 and onwards) with histological surrogate endpoints for treating NASH in Western countries while referencing publicly accessible sources of information from the relevant companies. Of note, "Resolution of NASH without worsening of fibrosis" and "Improvement in fibrosis without worsening of NASH" are considered by the regulatory authorities as well as NASH experts as surrogate endpoints for approval.

COMPANY	PRODUCT	MOA	CURRENT STAGE	#PT	TRT DUR	SURROGATE ENDPOINTS (Prm & Key Sec)		
						NASH resolution w/o worsening of FB	ΔNAS = 2	≥1-stg FB imp w/o worsening of NASH
GENFIT	elafibranor (GFT505)	PPARα/δ agonist	Ph 3 [RESOLVE-IT]	1000 (Int) 2000	72-w	**P**	/	**S (K.)**
INTERCEPT	obeticholic acid (OCA)	FXR agonist	Ph 3 [REGENERATE]	750 (Int) 2370	72-w	**P (either)**	/	**P (or)**
GILEAD	selonsertib (GS-4997)	ASK1 inhibitor	Ph 3 [STELLAR 4]	800	48-w	/	/	**P**
			Ph 3 [STELLAR 3]	800	48-w	/	/	**P**
ALLERGAN	cenicriviroc (CVC) *Tobira*	CCR2/CCR5 inhibitor	Ph3 [AURORA]	1000 (Int) 2000	52-w	/	/	**P**
Novartis	emricasan *Conatus*	Caspase inhibitor	Ph 2b [ENCORE-NF]	330	72-w	**S (K.)**	/	**P**
Octeta	MSDC-0602	PPARγ agonist	Ph 2b [EMMINENCE]	200	52-w	**S (K.)**	**P**	/
Inventiva	lanifibranor (IVA-337)	PPAR agonist	Ph2b [NATIVE]	300	24-w	**S (K.)**	**S (K.)** Prm: ΔSAF=2	/
Shire	Volixibat	ASBT inhibitor	Ph 2	266	48-w	/	**P**	/
Novo Nordisk	semaglutide *[s.c.]* (NN-9931)	GLP-1 analog	Ph2	372	72-w	**P**	/	**S (K.)**
Madrigal	MGL-3196	THR ß agonist	Ph 2a	125	36-w	**S (K.)**§	**S (K.)**	**S (K.)**

Int: Interim Analysis
Prm/P: Primary, Sec: Secondary, S (K.): Key Secondary,
SAF: (steatosis: S, activity : A, and fibrosis: F) activity score,
NAS: NAFLD activity score,

[10] Global Data: Opportunity Analyzer: NASH Opportunity Analysis and Forecasts to 2026, May 2017
11 USA, France, Germany, Italy, Spain, UK and Japan

PBC

PBC (Primary Biliary Cholangitis) is a rare chronic liver disease (see section 6.4.2.1 – "Primary biliary cholangitis (PBC)" of this Registration Document), primarily characterized by destruction of the bile ducts which transport bile acid out of the liver. According to the Cleveland Clinic, 90% of the patients suffering with PBC are women. The prevalence is higher in northern European population groups and lower in Japan. Disease prevalence estimates have ranged from 40 to 400 cases per 1,000,000 people, with an incidence between 4 and 30 cases per 1,000,000 people per year.

North America was observed as the largest market for PBC treatment followed by Europe. Asia Pacific was anticipated to grow at a fastest CAGR (Compound Annual Growth Rate) in the world during the forecast period 2016 to 2022. From 1997 and 2016, when Intercept started marketing Ocaliva, UDCA was the only approved medication for the disease, which was approved by FDA in 1997. However, approximately 40% of patients with PBC respond incompletely to long-term UDCA monotherapy. In 2016, Intercept's obeticholic acid (Ocaliva®) received approval from FDA and EMA 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. Intercept sets annual list price of Ocaliva at $69,350 per patient per year, and reported $129.2 million sales for the year ended December 31, 2017.

However, concerns remain over pruritus and serious liver injury or liver death caused by administration of Ocaliva®. Severe pruritus was reported in 23% of patients in the Ocaliva® 10 mg arm, 19% of patients in the Ocaliva® titration arm, and 7% of patients in the placebo arm in a 12-month double-blind randomized controlled trial of 216 patients. In September 2017, FDA announced safety warning on increased risk of serious liver injury and death related to incorrect dosing of Ocaliva®. On February 1, 2018, FDA issued the addition of a new Boxed Warning regarding hepatic decompensation and failure in incorrectly dosed PBC patients.

Accordingly, there is still a significant medical need for new therapies.

In response to the bile acid-mediated toxicity seen in PBC, liver cells release alkaline phosphatase (ALP), a liver enzyme that is a key biomarker of disease pathology. A few companies are investigating Gamma Glutamyltranspeptidade (GGT) as clinical endpoint of their compounds, such as GKT-831 (NOX 1/4 inhibitor) of Genkyotex, tropifexor/LJN-452 (FXR agonist) of Novartis. The following table provides a summary of drug candidates under advanced clinical development (Phase 2 and onwards) in PBC with applying level of ALP as primary endpoint to assess:

COMPANY	DRUG	MOA	CURRENT STAGE	#PT	TREATMENT DURATION *w: week*	PRIMARY ENDPOINT
Genfit	elafibranor (GFT505)	PPAR α/δ agonist	Ph2	45	12-w	Change in ALP
Arena Pharma	etrasimod (APD334)	S1P1 receptor agonist	Ph2	20	24-w	Change in ALP; Adverse Events
Zydus	Saroglitazar Magnesium	PPAR α/γ agonist	Ph2	36	16-w	Change in ALP
CymaBay	seladelpar (MBX-8025)	PPAR δ agonist	Ph2	116	8-w	ALP, Safety
Enanta	EDP-305	FXR agonist	Ph2 [INTREPID]	119	12-w	% of pts with at least 20% reduction on ALP
Eisai	E6011 [i.v.]	anti-Fractalkine (CX3CL1) mAb	Ph2	80	64-w	Change in ALP

MOA: mechanism of action
i.v.: intravenous,
ALP: Alkaline Phosphatase,
)

6.7. OTHER PROGRAMS

6.7.1. BMGFT03: Biomarkers and in vitro diagnostic (IVD) tests in NASH

An integral part of GENFIT's industrial strategy for comprehensive NASH management, several research programs focus on the identification and validation of new biomarkers for the detection, management and/or follow-up of NASH patients and their associated cardiometabolic conditions.

The BMGFT03 program, in particular, is looking for new circulating biomarkers allowing for NASH diagnosis and to decide on the type of treatment and/or to monitor the disease without biopsy. Because of their simplicity of implementation and their accessibility, the medical devices or in vitro diagnostic tests resulting from this research that GENFIT intends to develop aim to create a reliable alternative to biopsy. Once on the market, they will allow for the significant expansion of the patient population eligible for treatment with elafibranor or any other suitable treatment.

The BMGFT03 program is based on the expertise of GENFIT teams in the field of small non-coding circulating RNAs, in particular miRNAs. With this expertise, GENFIT develops simple, fast and robust dosing methods for any miRNA in blood, serum or plasma samples. In addition to this expertise, the BMGFT03 program also relies on a large bank of blood samples (plasma/serum) from NASH and non-NASH patients with biopsies and bioinformatics team experienced in researching new diagnostic biomarkers.

Using the large number of samples from the patient selection visits of the elafibranor Phase 2b study in NASH (GOLDEN-505), GENFIT teams have discovered, at the date of this Registration Document, 23 circulating miRNAs capable of identifying patients to be treated with elafibranor (identical definition to inclusion criteria in the ongoing RESOLVE-IT Phase 3 study). Eleven of these miRNA were confirmed from an independent cohort of patients. The majority of these miRNAs have greater diagnostic powers than the variables conventionally used today to estimate the risk of NASH before biopsy. Two distinct bioinformatic approaches have generated algorithms or scores based on the combination of miRNAs (miR34a, miR200a) with other biological variables. In the GOLDEN-505 cohort, the diagnostic power of these algorithms was significantly greater than other scores described in the literature. In addition, the 2016 Annual Conference of the AASLD ("The Liver Meeting", Boston, November 11-15, 2016) as well as the 52nd annual meeting organized by EASL (The International Liver Congress, Amsterdam, April 19-23, 2017) were an opportunity for GENFIT to present different abstracts and posters highlighting the importance of miRNAs as biomarkers relevant for the diagnosis of NASH patients to be treated, notably through the predictive power of 11 miRNAs identified by the Company as of the date of this Registration Document and identification of a simplified diagnostic score to identify NASH patients and monitor their disease evolution. The scoring method is the result of identifying a new algorithm based on a smaller number of variables, generating a powerful score with good performance based on AUROC (Area Under the Receiver Operating Curve), sensitivity, specificity, NPV (Negative Predictive Value) and PPV (Positive Predictive Value). The Company has filed several patents on the algorithms combining certain miRNAs with other usual biochemical variables.

Other results obtained in June 2017 confirm the diagnostic potential of circulating microRNAs and the relevance of GENFIT's signature to identify patients with active NASH (NAS≥4) and significant fibrosis (F≥2), i.e. patients who should be treated:

- A new Next Generation Sequencing (NGS) experiment validates the diagnostic value of 13 circulating microRNAs, previously identified in GOLDEN-505 cohort and in a cohort of obese patients (Professor Sven Francque, LB 535, EASL 2017), in the Phase 3 RESOLVE-IT serum samples.

- A bioinformatics analysis confirms that a previously described signature combining miR-34a, alpha-2 macroglobulin, HbA1c and YKL-40 (Professor Stephan A. Harrison, LB 534, EASL 2017) has a significantly better diagnostic performance than other main scores described in the current literature, when tested in both GOLDEN-Diag and RESOLVE-IT cohorts.

The feasibility phase suggests that the GENFIT signature can answer different medical needs, at different steps of the patient journey, allowing general practitioners, endocrinologists, diabetologists and hepatologists to support their diagnosis including decision to treat a patient with an anti-NASH drug, which is why the Company decided to move into the next industrial development phase in the second half of 2017.

As part of the industrial phase for the development of a new In Vitro Diagnostic (IVD) test, GENFIT intends to partner with a major diagnostic company with particular expertise in microRNA application to IVD, which would also include the development of the test within IVD regulatory requirements, as well as the manufacturing of the kits.

Furthermore, beyond the RESOLVE-IT Phase III trial, with the same goal towards clinical validation, GENFIT has initiated an important validation program for miRNAs of interest and associated algorithms that will involve numerous hepatology clinical centers and expert services in Europe and the United States. The long-term collaboration agreement signed in 2016 with Prof. Sven Francque, Head of the Department of Hepatology Gastroenterology at the University Hospital of Antwerp in Belgium was a starting point for this program. This agreement will enable the circulating miRNA levels to be measured in thousands of NAFLD patients (non-NASH and NASH), and their results in the diagnosis of liver damage will be validated in various medical and operational contexts.

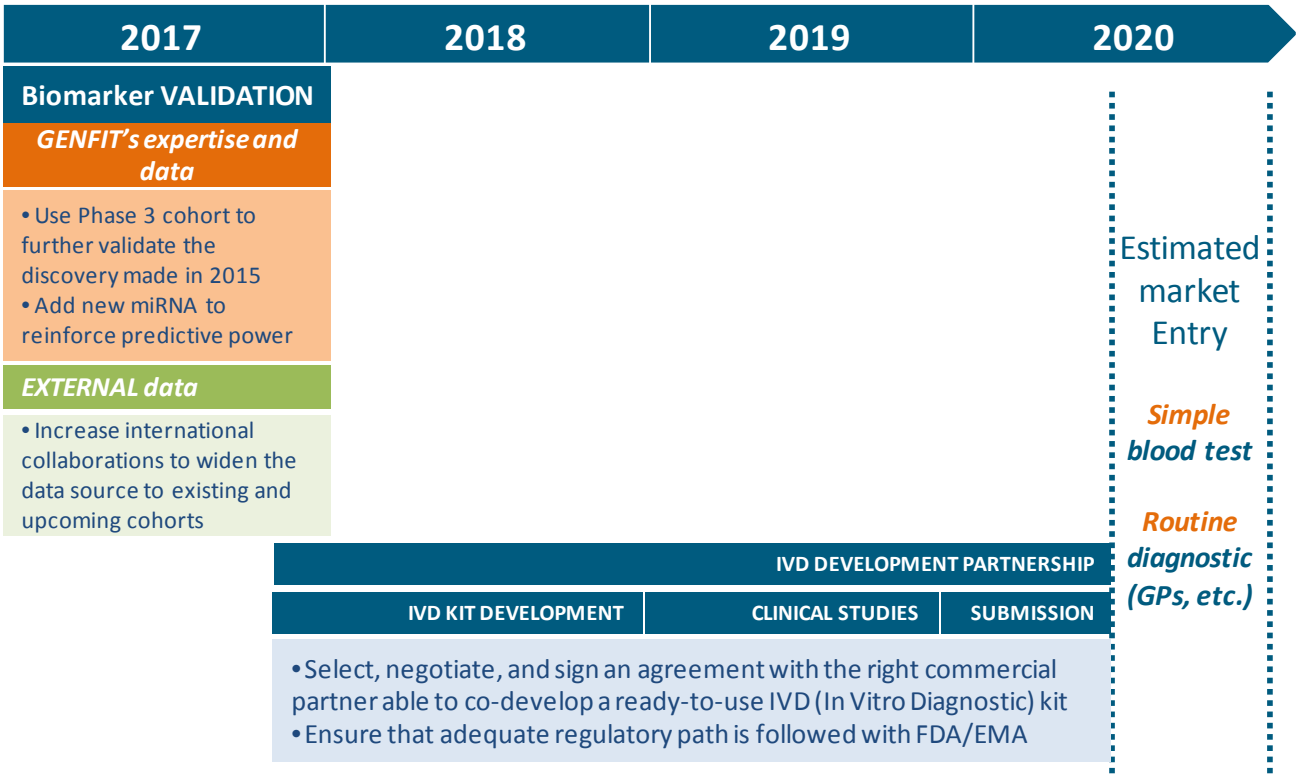
GENFIT also contributes significantly to LITMUS (“Liver Investigation: Testing Marker Utility in Steatohepatitis”), a European consortium funded by the European Innovative Medicines Initiative 2 Joint Undertaking (Grant Agreement No.777377) bringing together clinicians and scientists from prominent academic centers across Europe with companies from the European Federation of Pharmaceutical Industries and Associations (EFPIA) that are working in the field of the NAFLD/NASH diagnosis. The common goals of the 47 international research partners included in LITMUS are developing, validating and qualifying better biomarkers for testing NAFLD.

GENFIT therefore brings a unique contribution by providing LITMUS its RESOLVE-IT drug clinical trial samples.

- GENFIT is a member of the LITMUS Project Executive Committee and co-leads working groups in two of the predefined work packages, Patient Cohorts & Bioresources, with a special focus on Recruitment/Registry
- Specialized Biomarker Assays, with a special focus on Genetics/miRNA

Importantly, LITMUS, particularly with its large longitudinal cohorts, will be an extraordinary opportunity to further demonstrate clinical performance of GENFIT diagnostic solution, accelerating clinical adoption by the medical community through production of scientific publications and increased visibility.

The development plan for diagnostic solutions developed in the BMGFT03, as contemplated at the date of this Registration Document, is set out as follows:



The Company will then seek to complete its offer by targeting all of the diagnostic needs of NASH and its co-morbidities: screening of pre-diabetic and diabetic patients, prognosis and stratification of patients at risk of developing cirrhosis, selection of patients responding to elafibranor (companion test).

6.7.2. TGFTX4: a research program of drug candidates for fibrotic diseases

In the context of the TGFTX4 program, GENFIT has identified several potential drug candidates that show a strong anti-fibrotic activity in both cell-based assays and in vivo disease models.

Fibrosis is a complex and adaptive process resulting from interactions between multiple signaling pathways. To increase the chance of success of the drug candidates to be selected from this program for clinical trials, GENFIT has used an in vitro test relevant in relation to the global disease process rather than a classical approach centered on one particular cellular target.

Hepatic fibrosis is responsible for significant morbidity and mortality in chronic hepatic diseases of different etiologies, such as viral hepatitis, NASH, alcoholic steatosis, or acute liver failure. The pathological activation of hepatic stellate cells (HSC), that secrete large amounts of extracellular matrix, is characteristic of the fibrotic process. Thus, the inhibition of pro-fibrotic mechanisms should be beneficial in the treatment of chronic liver diseases of various origins.

GENFIT has identified a series of proprietary molecules which effectively inhibit the proliferation and profibrotic activation of primary human HSC. These results were obtained either by the therapeutic repurposing of compounds approved in another indication – allowing the Company to shorten development time – or by a more classical hit-to-lead optimization of the Company's proprietary compounds using a phenotypic screening approach in TGF beta-activated human hepatic stellate cells.

Following research undertaken on different molecules from the pharmacopeia, nitazoxanide, currently prescribed as an anti-parisitic, was repurposed as a potent antifibrotic agent. The Company presented the results of this research demonstrating the efficacy of nitazoxanide in two disease models of liver fibrosis, as presented at the International Liver Congress organized by EASL (April 19-23, 2017 in Amsterdam). An IND application for a Phase II proof of concept study of nitazoxanide in NASH with advanced fibrosis is expected to be made in 2018 (subject to authorization of the launch of such a trial by regulatory authorities, as indicated in section 4.1.1.1 – "Risks related to clinical trials" of this Registration Document).

Following the expiration of the patent on the molecule in 1995, the nitazoxanide molecule is in the public domain. Nevertheless, the Company filed patent applications to protect nitazoxanide in the therapeutic areas in which the Company wishes to develop it, in particular as an anti-fibrotic. As indicated in section -11.2.2.3 – « Patents and patent applications on new molecules and their uses (excluding elafibranor) or on new therapeutic indications » the Company filed patent applications with a goal to protecting the use of nitazoxanide in such therapeutic areas. However, the Company remains exposed to the risk that the extent of the protection provided by its patents is not sufficient to protect the Company from its competitors and other third parties, which could have an adverse impact on the business activities, future prospects, financial position, results, and the development of the Company. For further information please refer, in particular, to chapter 4 –« Risk factors » and in particular section 4.2.1 – « Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights » of this Registration Document.

At the same time, the Company is working on the optimization of a new generation of anti-fibrotic compounds, highly potent and with low exposure in the extra hepatic organs. The Company plans to seek a partner to continue work on the optimization of new anti-fibrotic drugs.

6.7.3. TGFTX1 and RORγt: a research program of drug-candidates for certain inflammatory and auto-immune diseases

As part of ambitious efforts to diversify and expand its development pipeline in the treatment of autoimmune, inflammatory and fibrotic diseases, the Company has conducted significant work over the last four years in the design and optimization of novel RORγt inverse agonists.

RORγt (RORgamma-t), a key nuclear receptor involved in regulating a proinflammatory cytokine, interleukin-17 (IL-17), represents a validated therapeutic target for the treatment of certain inflammatory and autoimmune diseases.

An exacerbation of the immune response associated with IL-17 is recognized as a key element of autoimmune diseases such as rheumatoid arthritis and psoriasis. Similarly, this involvement of the IL-17 pathway has been demonstrated in the development of other autoimmune and inflammatory diseases, such as multiple sclerosis, systemic lupus erythematosus (SLE), obstructive respiratory diseases, inflammatory bowel disease (IBD), and several types of fibrotic/hepatic impairment. RORγt has a key role upstream of the immune process. By inducing the differentiation of Th17 lymphocytes, which results in the production of IL-17, RORγt modulates the subsequent systemic immune responses. Inhibiting RORγt by a drug candidate is therefore a simple and efficacious approach to reduce the exacerbated immune responses caused by IL-17, particularly since the drug candidate can be a small compound that is administered orally or by local, topical application in particular in dermatologic diseases.

These molecules have already demonstrated beneficial effects in in vitro and in vivo assays appropriate for the targeted diseases. In particular, GENFIT evaluates its proprietary RORγt inhibitors for their potential as an innovative therapeutic approach in several inflammatory diseases of the liver (such as autoimmune hepatitis) and intestines.

The potential therapeutic areas of application for RORγt inverse agonists encompass a broad spectrum of systemic, dermatological and respiratory diseases.

The first TGFTX1 molecules developed by GENFIT chemists have already demonstrated the beneficial effects in in vitro, ex-vivo and in vivo tests adapted to the target diseases.

These candidates are highly potent and selective against other members of the ROR nuclear receptor family, and interfere with IL-17 production in human leukocytes. The physicochemical properties of these RORγt inverse agonists are compatible with classical methods of skin delivery and these candidates are destined for applications in dermatologic diseases such as psoriasis.

The Company has recently launched pre-IND studies for a topically delivered treatment in mild to moderate psoriasis vulgaris. The Company is currently looking to forge a partnership with a company that has an established dermatology franchise for both topically and orally administered drugs, to move this program forward.

In parallel, other inhalation or oral approaches are being optimized to provide new opportunities in the treatment of respiratory or systemic diseases.

As the Company is not a specialist in preclinical and clinical development in these therapeutic areas, it is exploring opportunities to partner with an already established franchise in dermatology and respiratory diseases to further this development.

7. ORGANIZATIONAL STRUCTURE

7.1. GROUP STRUCTURE, LIST OD SUBSIDIARIES, BRANCHES, AND REPRESENTATION OFFICES

GENFIT S.A. (France)	Parent Company of the Group.
GENFIT CORP (United States)	Created in July 2003, this Massachusetts (USA)-based subsidiary is wholly owned. Its purpose, amongst other things, is to: • detect opportunities for collaborative research alliances and license agreements with local players in the pharmaceutical industry and biotechnology companies; • set up, develop, and run a local network of academic partners and scientific opinion leaders in the Group's strategic therapeutic area of business; • develop relations with investors and financial analysts locally; • monitor the relationship between the Group and the FDA concerning regulatory clinical matters ; • manage the clinical development of the Group's drug candidates, particularly on U.S. soil GENFIT CORP holds no strategic assets to date.
GENFIT PHARMACEUTICALS SAS (France)	Created in December 2011, this French subsidiary is wholly owned and has no activity to date.

GENFIT S.A. is headquartered in Loos, part of the European metropolis of Lille. Since 2016, GENFIT S.A. has a secondary establishment in Paris.

7.2. MAIN INTRAGROUP FLOWS

Service agreement and cash management agreement between GENFIT and GENFIT CORP

GENFIT and GENFIT CORP have had an annual services agreement in effect since July 2003.

From January 1, 2016, GENFIT CORP and GENFIT decided to modify this agreement and entered into an intragroup services agreement through which GENFIT CORP provides certain services to GENFIT, particularly services associated with the clinical trials management, investor relations in the United States, and business development. In 2017, 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 5%. "Structural" costs are billed at cost. In line with the acceleration of GENFIT CORP's activities in the United States, for 2017, the amount paid for services by GENFIT to GENFIT CORP amounted to $5,100 thousand compared with $3,050 thousand in 2016.

In addition, GENFIT and GENFIT CORP signed in May 2016 a cash management agreement. The purpose of this agreement is to ensure GENFIT'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.

The interest rate for 2017 is 0.69%.

Domiciliation contracts

A domiciliation contract entered into on December 13, 2011 with tacit renewal, grants its subsidiary GENFIT PHARMACEUTICALS the right to rent a space free of charge, since the latter does not have any business activity as of the date of this Registration Document.

The NASH Education Program™, an endowment fund created at GENFIT's initiative on November 3, 2016, is also domiciled at its headquarters.

7.3. OTHER ENTITIES

In 2016, the Company created The NASH Education Program™, an endowment fund governed by the law of August 4, 2008 and subsequent texts. The fund's purpose is to create in connection with the scientific and medical activity of GENFIT, but independently, an entity dedicated to the creation and dissemination of knowledge about NASH, its causes, and its consequences, with the aim of educating through disease awareness with both doctors and patients.

GENFIT is the sole founder of the endowment fund. At the date of this Registration Document, other companies, through donations to The NASH Education Program™ have contributed to some of its initiatives.

The fund is governed by a board of directors made up of:

- Jean-François MOUNEY, Chairman
- Xavier GUILLE DES BUTTES, Vice Chairman
- Nathalie HUITOREL, Treasurer
- Jean-Christophe MARCOUX, Secretary

8. REAL ESTATE PROPERTIES, PLANTS, AND EQUIPMENT

8.1. DESCRIPTION OF REAL ESTATE PROPERTIES

GENFIT established its registered offices in Loos, France (at 885, avenue Eugène Avinée) in the Parc Eurasanté (a close suburb of Lille), comprising approximately 5,500m^2, where it develops its business.

All of the Research and Development activities, the identification and development of drug candidates and biomarker candidates, as well as the majority of the functional support teams and the administrative and financial departments are located at this worksite.

Activities associated with business development, investor relations, and the management of the Group's drug candidates and biomarker candidates are stationed both in France (at the Loos worksite) and the United States (at the GENFIT CORP worksite).

In order to have buildings able to meet the diversity of its Research and Development needs and the technological requirements of its teams, GENFIT commissioned the construction of its registered offices, acting as the developer on behalf of a real estate lessor.

As designed, the worksite was able to:

- regroup activities associated with cellular biology, molecular biology, genomics, screening, chemistry, biochemistry, proteomics;
- install the in vivo laboratory;
- guarantee the confidentiality of the research and protection of the industrial property and sensitive information resulting therefrom.

GENFIT sold the real estate complex and became a lessee in 2013 by signing a commercial lease for nine full and consecutive years.

The lease was granted and accepted in consideration of an annual gross rent of €900 thousand, before applicable withholdings and taxes. This rent is indexed upward to the French national construction cost index (indice national du coût de la construction, or "ICC").

To accommodate new employees who have been or will be recruited in the coming months, GENFIT plans to build an extension of its head office incorporating an additional approximately 1,000 m^2 and will manage the construction as contractor on behalf of the landlord. Delivery of the building should take place in the second half of 2019. At this date, the owner will pay GENFIT for the construction and a new lease will be put in place to take into account the additional space.

In July 2016, the Company opened a secondary establishment in Paris and leased 150m^2 of office space for employees based in Ile de France. In February 2018, the lease was amended for an additional 215m^{2}of office space.

As of the date of this Registration Document, GENFIT does not own any real estate assets.

GENFIT CORP is headquartered in Cambridge, Massachusetts and signed a lease for 190m^2 of office space in October 2016. In October 2017, an amendment was signed to lease an additional 21m^2.

8.2. ENVIRONMENTAL MATTERS

The type of business activities the Company conducts does not cause a significant risk for the environment.

The Company's general policy regarding the environment, pollution, and waste management is described in its Report on Social and Environmental Responsibility for the 2017 fiscal year, which can be found on its website (www.genfit.com).

Please also refer to sections 4.1 – "Risks related to the company's business" and 4.1.6 – "Risks related to the dangerous nature of certain of the Company's activities" of this Registration Document.

9. OPERATING AND FINANCIAL REVIEW

The following information on the Group's income and financial position should be read along with the Group's audited consolidated financial statements established according to IFRS for the fiscal years ended December 31, 2017 and December 31, 2016 provided in section 20.1 – "Historical consolidated financial information under IFRS" and the related statutory auditors' reports.

Pursuant to the terms of Article 28 of European Regulation 809/2004, the following items are incorporated by referenced in this Registration Document:

- The consolidated financial statements established in accordance with IFRS, as adopted in the European Union for the year ended December 31, 2016, and the Statutory Auditor's report related thereto, as presented respectively on pages 180 and subsequent and 148-150 of the Registration Document registered under number R.17-034 on April 28, 2017.

- The consolidated financial statements established in accordance with IFRS, as adopted in the European Union for the year ended December 31, 2015, and the Statutory Auditor's report related thereto, as presented respectively in pages 119 to 156 and 156 to 158 of the Registration Document registered under number R.16-062 on June 29, 2016.

9.1. FINANCIAL POSITION

9.1.1. Comments on the statement of consolidated net income for the fiscal years ended December 31, 2016 and December 31, 2017

9.1.1.1. Operating Income

The Company's revenue and other income results principally from the research tax credit, its revenues, government grants and other operating income.

Revenue and other income	Year ended	
(in € thousands)	2016/12/31	2017/12/31
Revenues	284	118
Government grants	411	21
Research tax credit	5 964	6 545
Other operating income	124	171
Total	**6 783**	**6 856**

Revenue and other income amounts to €6,856 thousand in 2017 compared to €6,783 thousand for the previous year representing an increase of 1%.

Revenues amounted to €118 thousand in 2017 compared with €284 thousand in the preceding year, or a decrease of 58%. This decrease in revenues between the two periods is mainly due to the absence of research services performed on behalf of third parties.

Other income includes the Research Tax Credit, government grants and other operating income which amounted to €6,737 thousand in 2017 compared to €6,499 thousand in the preceding year, or an increase of 4%. This increase is mainly due to an increase in the Research Tax Credit which amounted to €6,545 thousand in 2017 compared with €5,964 thousand in 2016, due to a continued increase in development expenses in 2017 in particular related to the advancement of the phase 3 RESOLVE-IT clinical study (see in particular section 9.1.1.2 – "Operating expenses by destination" below).

9.1.1.2. Operating expenses by destination

The tables below breaks down operating expenses by destination mainly into research and development expenses on the one hand, and general and administrative expenses on the other, for the years ended December 31, 2017 and 2016.

Operating expenses and other operating income (expenses) (in € thousands)	Year ended 2016/12/31	Of which: Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(32 959)	(1 894)	(19 187)	(7 334)	(3 876)	(667)	0
General & administrative expenses	(7 938)	(91)	(0)	(4 321)	(3 395)	(131)	0
Other operating income	(2)	0	0	0	0	0	(2)
Other operating expenses	(42)	0	0	0	(44)	(0)	2
TOTAL	**(40 941)**	**(1 985)**	**(19 187)**	**(11 656)**	**(7 315)**	**(799)**	**(0)**

Operating expenses and other operating income (expenses) (in € thousands)	Year ended 2017/12/31	Of which: Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(54 189)	(2 117)	(35 088)	(7 915)	(7 973)	(1 095)	0
General & administrative expenses	(9 421)	(112)	(7)	(5 491)	(3 374)	(437)	0
Other operating income	(9)	0	0	0	0	0	(9)
Other operating expenses	69	0	0	0	68	1	1
TOTAL	**(63 550)**	**(2 229)**	**(35 095)**	**(13 406)**	**(11 280)**	**(1 532)**	**(8)**

Operating expenses amounted to -€63,550 thousand in 2017 compared to -€40,941 thousand in the previous year, or a 55% increase. They include, in particular:

- **Research and development expenses**, which include the wages and salaries paid to the research staff (€7,915 thousand in 2017 compared to €7,334 thousand in 2016), the cost of consumables and operational outsourcing (particularly clinical and pharmaceutical) representing €37,205 thousand in 2017 compared to €21,081 thousand in 2016) and expenses related to intellectual property. These research and development expenses amounted to €54,189 thousand in 2017 compared to €32,959 thousand in 2016, or 85% and 80% of operating expenses, respectively

  The increase in operational outsourcing costs related to the advancement of the phase 3 RESOLVE-IT study of elafibranor in NASH initiated in 2016, increased during 2017 as the study advanced. Other programs also generated operational outsourcing costs in 2017 and 2016, but these amounts were less significant compared to those related to the development of elafibranor in NASH because they are in an earlier stage of R&D.

  The expenses for research staff is mainly due to the change in employee profiles, an increase in wages and bonuses granted to these employees for their implication in the Group's development, as well as an increase in research personnel headcount (92 versus 89)..

- **General and administrative expenses**, which include the costs staff not assigned to research (€5,491 thousand in 2017 compared to €4,321 thousand in 2016), and administrative and commercial costs.
  These general and administrative expenses amounted to €9,421 thousand in 2017 compared with €7,938 thousand in 2016, or 15% and 19% of operating expenses and other operating income, respectively.

Changes in expenses for staff not assigned to research is mainly due to the change in employee profiles, an increase in wages and bonuses granted to these employees for their implication in the Group's development, as well as an increase in headcount (32 versus 30).

9.1.1.3. Operating expenses and other operating income by type

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

Contracted research and development activities conducted by third parties

Contracted research and development expenses conducted by third parties amounted to -€35,095 thousand in 2017 compared to -€19,187 thousand in the previous year, corresponding to a 83% increase, which is mainly due to the advancement of the phase 3 study of elafibranor in NASH.

Employee expenses

Employee expenses	Year ended	
(in € thousands)	2016/12/31	2017/12/31
Wages and salaries	(8 398)	(9 267)
Social security costs	(3 181)	(3 996)
Pension costs	(65)	135
Share-based compensation	(11)	(278)
TOTAL	**(11 656)**	**(13 406)**

Employee expenses excluding share-based compensation amounted to -€13,128 thousand in 2017 compared to -€11,645 thousand in the preceding year, or a 13% increase, mainly due to the change in employee profiles, an increase in wages and bonuses granted to these employees for their implication in the Group's development, as well as an increase in headcount (125 versus 119)..

The amount recognized as share-based compensation (BSA – warrants, BSAAR-redeemable warrants, SO – stock options and AGA – free shares) free of any impact on cash flow increased from €11 thousand in 2016 to €278 thousand in 2017 as a result of the SO and AGA plans implemented in December 2016 and the BSA, SO and AGA plans implemented in December 2017. The part of expenses related to the SO and AGA plans implemented in December 2016 were recognized in 2016. For more information, see note 6.21 – "Financial revenue and expenses" to the consolidated financial statements for the year ended December 31, 2017 in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".

Other expenses

Other expenses amount to -€11,280 thousand in 2017 compared to -€7,315 thousand in 2016, or an increase of 65%. They include, in particular:

- "fees", which include legal, audit, accounting and recruiting fees, the fees of various advisors (press relations, investor relations, communication, IT), external service providers (security and security services, reception, clinical and IT services), as well as the fees of some of its scientific advisors. This amount also includes intellectual property expenditures corresponding to the fees incurred by the Company in connection with registering and maintaining its patents;
- expenses related to the rental, use, and maintenance of the Group's corporate offices;
- contributions (*dons*) to the GENFIT endowment fund, The NASH Education Program™;

- expenses related to business travel and conferences of employees and external service providers' as well as the costs of participation in scientific, medical, financial, and business development conferences.

In particular, this increase is related to the increase in the contribution to The NASH Education Program™ endowment fund, the increase in the use of external staff for clinical development and an increase in expenses related to intellectual property.

None of the charges taken into account has the character of "excessive" expenses that are not deductible from the tax result.

9.1.1.4. Financial Income

Financial income amounted to a loss of €1,526 thousand in 2017 compared to financial income of €526 thousand in 2016.

This change is due to the interest payments on the convertible bond (OCEANE) issued in October 2017 and in exchange rate loss.

9.1.1.5. Net Income

2017 resulted in a net loss of €58,604 thousand compared to a net loss of €33,667 thousand in the preceding year.

9.1.2. Comments on the statement of financial position for the fiscal years ended December 31, 2016 and December 31, 2017

At December 31, 2017, the total amount of the Group's Statement of Financial Position amounts to €293,183 thousand compared to €166,214 thousand in the previous year.

At December 31, 2017, the Group's cash, cash equivalents and other current financial assets amounts to €273,851 thousand, compared to €152,450 thousand as of December 31, 2016.

9.1.2.1. Assets

Non-current Assets

Non-current assets, which include trade and other receivables and intangible, tangible, and financial assets, increased from €4,219 thousand as of December 31, 2016 to €9,611 thousand at December 31, 2017.
This increase is mainly due to investments made during the year (IT and medical equipment for the clinical trials, amenities and scientific equipment for the laboratories); although the change in trade and other receivables is due to the dispute with the tax administration in relation to the CIR. In this context, the Company settled an assessment notice of €1,141 thousand by way of compensation on the amounts due for the 2014 and 2016 CIR, and made an additional payment of €333 thousand. The tax authority has also withheld €447 thousand owed to the Company in respect of the 2014 CIR, and the Company has contested these adjustments and these amounts remain due. For more information, refer to note 6.21 - "Financial income and expenses" in the notes to the consolidated financial statements for the year ended December 31, 2017 included in Appendix 1 of this Registration Document.

Current Assets

Current assets amount to respectively €283,572 thousand and €161,996 thousand as of December 31, 2017 and 2016.

Cash and cash equivalents went from €152,277 thousand as of December 31, 2016 to €273,820 thousand at December 31, 2017, an increase of 80%.

The variation is related to the cash generated by the issuance of OCEANE, after the impact of the cash burn for the period.

Cash in mainly invested in highly-liquid short term investments, with low risk of change in value.

9.1.2.2. Liabilities

Shareholders' Equity

At December 31, 2017, the amount of the Group's shareholders' equity totaled €104,229 thousand compared to €142,797 thousand at December 31, 2016.

The change in the Company's shareholders' equity results mainly from the annual loss reflecting the Company's efforts in particular for research and development, preclinical studies and clinical studies relating to elafibranor.

The notes to the consolidated financial statements as well as the consolidated statement of changes in equity produced under IFRS, and available in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".of this Registration Document which described respectively, the changes in the Company's share capital and equity of the Group.

Non-current liabilities

This mainly concerns the following liabilities reaching maturity in more than one year:

- the convertible bond (OCEANE) issued in October 2017;
- conditional advances granted to GENFIT SA by BPI France for the purpose of financing the Company's research programs (for more information, see note 6.12.2.1 – "Refundable and conditional advances" to the consolidated financial statements for the year ended December 31, 2017 at section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".of this Registration Document; and
- bank loans (see section 10.1.2 – "Debt Financing" of this Registration Document for the details).

Current liabilities

Current liabilities	As of	
(in € thousands)	2016/12/31	2017/12/31
Current convertible loans	0	1 329
Current loans & borrowings	1 248	1 834
Current trade & other payables	16 146	23 580
Current deferred income and revenue	1	1
Current provisions	167	361
Total	**17 562**	**27 106**

This balance sheet item mainly includes liabilities reaching maturity in less than one year, such as conditional advances granted by Bpifrance to GENFIT, trade payables, and social security expenses. See also note 6.13 – "Trade and other Payables" to the consolidated financial statements for the year ended December 31, 2017 at section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".of this Registration Document.

9.2. OPERATING INCOME/LOSS

9.2.1. Key factors, including unusual or infrequent events or new developments, having a significant impact on operating revenue, and extent to which the latter is attributed

Based on its current development strategy, the main factors having an impact on the Company's business and results are the following:

- whether active R&D programs are developing according to the set timeline;
- ability to secure licenses for the Company's drug candidates and biomarker candidates or for drug candidates owned by third parties;
- whether tax incentive mechanisms are available to companies conducting technical and scientific research, such as the Research Tax Credit (Crédit d'Impôt Recherche, or "CIR") from which it benefits

9.2.2. Administrative, economic, budgetary, or political factors having had a significant impact or that could have a significant impact on business operations

As a small and medium-sized enterprise ("SME"), the Company, the research and development work of which is eligible for the CIR, benefits from early CIR reimbursement, in the fiscal year following that in which it was recognized. A change in this reimbursement method could have an influence on the Company's cash position (please refer to section 4.3.2 – "Risks relating to the Research Tax Credit" of this Registration Document.

9.3. POST YEAR-END EVENTS

None.

9.4. OTHER INFORMATION

The Company has not distributed dividends for the last three fiscal years.

The accounts from the preceding fiscal year have not included expenses which are deemed « extravagant » expenses non-deductible from the taxable income.

The breakdown by maturity of trade payables and trade receivables at the end of 2017 and 2016 is as follows:

Invoices received and unpaid (in € thousands)	Due as of 31/12/2017	Due from 1 to 30 days	Due from 31 to 60 days	Due from 61 to 90 days	Due from more than 90 days	Total (more than 1 day)
(A) Tranches of late payments						
Number of invoices						1 050
Total amount of invoices (tax included)	738	401	367	0	0	1 506
% of total amount of purchases for the period	1,3%	0,7%	0,6%	0,0%	0,0%	2,6%
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables						
Number of invoices excluded						33
Total amount of excluded invoices	0	0	0	63	268	331
(C) Standard payment deadlines used (contractual ou legal deadline - article L. 441-6 ou article L. 443-1 of the Commercial Code)						
Payment deadlines used for the calculation of late payments	Contractual deadlines					

Invoices issued and unpaid (in € thousands)	Due as of 31/12/2017	Due from 1 to 30 days	Due from 31 to 60 days	Due from 61 to 90 days	Due from more than 90 days	Total (more than 1 day)
(A) Tranches of late payments						
Number of invoices						14
Total amount of invoices (tax included)	8	0	0	0	0	8
% of revenues for the period	6,6%	0,0%	0,0%	0,0%	0,0%	6,6%
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables						
Number of invoices excluded						14
Total amount of excluded invoices	0	0	0	0	73	73
(C) Standard payment deadlines used (contractual ou legal deadline - article L. 441-6 ou article L. 443-1 of the Commercial Code)						
Payment deadlines used for the calculation of late payments	Contractual deadlines					

10. CAPITAL RESOURCES

10.1. INFORMATION ON THE GROUP'S EQUITY, CASH, AND SOURCES OF FINANCING

Please also refer to notes 6.9 – "Other Assets", 6.11 – "Equity", and 6.13- "Trade and other Payables" to the consolidated financial statements for the year ended December 31, 2017, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016" of this Registration Document.

As of December 31, 2017, the Group has € 273,851 thousand in cash, cash equivalents, and current financial instruments, compared to € 152,450 thousand at December 31, 2016.

The main components of cash equivalents are:

- UCITS and interest bearing current accounts, available immediately;
- Term accounts, available within the contractual maturities or by the way of early exit;
- Tradable medium term notes, available based on quarterly maturities or in the occurrence of applicable early exit events.

Cash, cash equivalents, and current financial instruments are used to finance the Company's business activities and, in particular, its research and development expenses.

Since its creation, the Company has financed itself mainly by issuing new shares, through bonds convertible into shares, industrial revenue derived from historic collaborative research alliances, conditional and/or repayable advances and subsidies granted by various public institutions (particularly BPI France, the Metropolitan Lille Urban Community, and the Nord Pas de Calais Regional Council), and bank loans. The development of the Company's products as well as their journey to market should continue to justify a steady growth in expenses over the next fiscal years. In this context, the Company plans in the coming years to continue relying on certain of these sources of financing as well as those that may result from licensing agreements for its drug candidates or biomarker candidates and/or results of its research programs.

10.1.1. Equity Financing

Since its creation and until December 31, 2017, the Company received approximately €275 million in shareholders' equity, almost all of which corresponds to cash raised via share capital increases (of which €20 million represents the equity share of the OCEANE convertible bond issuance in October 2017).

1999	Creation	€1,524,505.42
2000	Cash issuance of ordinary shares	€609,796.07
2001	Cash issuance of ordinary shares	€762,245.09
2006	Cash issuance of ordinary shares following the Alternext listing	€15,035,058
2010	Cash issuance of ordinary shares	€2,310,086.00
2011	Cash issuance of ordinary shares in a PACO	€293,498.54
	Cash issuance of ordinary shares	€5,870,012.80
2012	Cash issuance of ordinary shares	€250,001.45
	Cash issuance of ordinary shares in a PACO	€2,450,001.62
	Issuance following exercise of convertible bonds	€2,299,996.95

2013	Cash issuance of ordinary shares	€14,325,000.72
	Issuance following exercise of convertible bonds	€7,149,996.13
2014	Cash issuance of ordinary shares	€75,710,373.85
2015	Issuance of shares following exercise of BSAAR	€28,975.50
2016	Cash issuance of ordinary shares	€128,062,917.90
2017	Equity share of OCEANE	€19,960,265.71
	TOTAL FUNDS RAISED	€275,118,226.33

10.1.2. Debt Financing

Repayable and conditional advances

As of December 31, 2017, the Company has received four conditional advances from BPI France.

Lastly, as of December 31, 2017, repayable public grants totaled € 3,407 thousand compared with €3,549 thousand at December 31, 2016.

For further information, please refer to note 6.12.2.1 – "Refundable and conditional advances" to the consolidated financial statements for the year ended December 31, 2017, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016" of this Registration Document, for more information.

Bank loans

At December 31, 2017, the Company has received ten loans intended, in particular, to finance the acquisition of scientific and IT equipment.

Crédit Industriel et Commercial	In July 2017, GENFIT obtained a loan agreement of €1,000k. In September 2017, GENFIT drew down: • €500k ; • repayable in 60 monthly installments; • at a fixed interest rate of 0.69%. At December 31, 2017, the principal amount outstanding was €451k.
Crédit du Nord	In June 2017, GENFIT borrowed: • €600k ; • repayable in 48 monthly installments ; • at a fixed interest rate of 0.36%. At December 31, 2017, the principal amount outstanding was €525k.
Banque Nationale de Paris - Paribas	In April 2017, GENFIT obtained a loan agreement of: • €800k ; • repayable in 60 monthly installments ; • at a fixed interest rate of 0.87%. At December 31, 2017, the loan had not yet been drawn down.
Crédit Industriel et Commercial	In December 2016, GENFIT borrowed: • €264.6k; • repayable in 60 monthly installments ;

	• at a fixed interest rate of 0.69%. At December 31, 2017, the principal amount outstanding was €217k (at December 31, 2016, the loan had not yet been drawn down.)
Banque Nationale de Paris - Paribas	In October 2016, GENFIT borrowed: • €1,050k ; • repayable in 20 quarterly installments ; • at a fixed interest rate of 0.8%. At December 31, 2017, the principal amount outstanding was €945 (at December 31, 2016, the loan had not yet been drawn down).
Banque Neuflize OBC	In June 2016, GENFIT borrowed: • €500k ; • repayable in 12 quarterly installments ; • at a fixed interest rate of 1.10%. At December 31, 2017, the principal amount outstanding was €252k. (at December 31, 2016, €418k.)
Banque Nationale de Paris - Paribas	In June 2016, GENFIT borrowed: • €500k • repayable in 20 quarterly installments • at a fixed interest rate of 0.8%. At December 31, 2017, the principal amount outstanding was €377k (at December 31, 2016, €475k).
Crédit du Nord	In April 2016, GENFIT borrowed: • €500k • repayable in 60 monthly installments • at a fixed interest rate of 0.78%. At December 31, 2017, the principal amount outstanding was €335k (at December 31, 2016: €434k).
Crédit Industriel et Commercial	In March 2015, GENFIT borrowed: • €500k • repayable in 16 quarterly installments • at a fixed interest rate of 0.85%. At December 31, 2017, the principal amount outstanding was €158k (at December 31, 2016: €283k).
Banque Nationale de Paris - Paribas	In December 2014, GENFIT borrowed: • €500k • repayable in 20 quarterly installments • at a fixed interest rate of 2.00%. At December 31, 2017, the principal amount outstanding was €205k (at December 31, 2016: €305k).
Banque Neuflize OBC	In June 2014, GENFIT borrowed: • €150k • repayable in 12 quarterly installments • at an interest rate of 3 month EURIBOR + 2.50%. At December 31, 2017, the loan has been entirely repaid. (at December 31, 2016, €25k.)

Bond loan

In October 2017, GENFIT subscribed a bond loan in the form of an OCEANE (convertible bond) due October 16, 2022 for a nominal amount of €179,999,997.60.

The proceeds of the offering are used by the Company notably to:

- Complete the Phase 3 clinical development program for elafibranor in NASH and continue the Pediatric Investigation Plan in the same disease;
- Prepare, subject to the results of the Phase 3 pivotal study, the application for marketing approval of elafibranor in NASH;
- Prepare the potential commercialization of elafibranor in certain diseases and/or in certain territories;
- Finance the industrial development stage of a new in vitro diagnostic test as part of the continuation of the biomarker program; and
- Reinforce the Company's pipeline through in-licensing or combination therapy strategies in therapeutic areas of interest to the Company.

The OCEANEs bear interest at an annual nominal rate of 3.50% payable semi-annually in arrears on April 16th, and October 16th of each year (or the following business day if this date is not a business day) with a first interest payment date on April 16th, 2018. The OCEANEs will be redeemed at par on October 16th, 2022 (or the following business day if this date is not a business day)

The nominal unit value of the OCEANEs was set at €29.60. The OCEANEs entitle their holders to receive new and/or existing GENFIT shares at an initial conversion/exchange ratio of one share per OCEANE, subject to any potential subsequent adjustments

The OCEANEs may be redeemed early at GENFIT's option as from November 6th, 2020 if the arithmetic volume-weighted average price of GENFIT's listed share price on the regulated market of Euronext in Paris and the then prevailing conversion ratio (over a 20-trading day period) exceeds 150% of the nominal value of the OCEANEs.

Considering an offering of OCEANEs for an amount of 179,999,997.60, represented by 6,081,081 OCEANEs of a nominal unit value of €29.60, dilution would represent up to 19.5% of the current oustanding share capital of GENFIT, if only new shares were delivered upon conversion.

The OCEANEs are admitted to trading on Euronext Access™ (Open market of Euronext in Paris).

See note 6.12.1 – "Details of bond loans" of the notes to the consolidated financial statements for the year ended December 31, 2017 for further information.

10.1.3. Financing through finance leases

During 2016, CM-CIC Bail and the Company entered into a master leasing agreement with a purchase option for scientific equipment for a maximum amount of €2,000k. An amendment n°2 to this agreement in November 2017 modified that amount to €1,735k and is valid until June 30, 2018. In 2016, the difference from the initial amount of the agreement was granted as a loan in the amount of €264k. Furthermore, during 2016, NatioCreditMur (BNP Paribas) and the Company entered into a master leasing agreement in an amount of €1.050 million which term was extended by amendments to June 30, 2018.

See also section 5.2.2 – "Principal Ongoing Investments" of this Registration Document.

10.2. SOURCE, AMOUNT, AND DESCRIPTION OF THE GROUP'S CASH FLOW

Over the period under review, change in cash position per type of cash flow was the following:

Increase / (decrease) in cash & cash equivalents	Year ended	
(in € thousands)	2016/12/31	2017/12/31
Increase / (decrease) in cash & cash equivalents	**92 167**	**121 544**

Cash flows from operating activities	Year ended	
(in € thousands)	2016/12/31	2017/12/31
+ Net loss	(33 667)	(58 604)
+ Non-controlling interets	0	0
+ Amortization	630	1 226
+ Depreciation & impairment charges	186	186
+ Expenses related to share-based compensation	11	278
- Gain / (loss) on disposal of property, plant & equipment	0	8
+ Net finance expenses / (revenue)	45	1 368
+ Income tax expense	35	384
+ Other non-cash items	(338)	17
Operating cash flows before change in working capital	(33 098)	(55 137)
Decrease (+) / increase (-) in inventories	14	10
Decrease (+) / increase (-) in trade receivables & other assets	(2 942)	(2 106)
Decrease (-) / increase (+) in trade payables & other liabilities	8 828	7 377
Change in working capital	5 900	5 281
Income tax paid	(28)	0
Net cash flows provided by (used in) operating activities	**(27 226)**	**(49 856)**

Cash flows from investment activities	Year ended	
(in € thousands)	2016/12/31	2017/12/31
- Acquisition of property, plant & equipment	(2 036)	(2 800)
+ Proceeds from disposal of property, plant & equipment	(0)	15
Investment activities - operations	(2 036)	(2 785)
- Acquisition of financial instruments	(51)	(163)
+ Proceeds from sale of financial instruments	0	0
- Acquisition of subsidiary, net of cash acquired	0	0
Investment activities - finance	(51)	(163)
Net cash flows provided by (used in) investment activities	**(2 086)**	**(2 948)**

Cash flows from financing activities	Year ended	
(in € thousands)	2016/12/31	2017/12/31
+ Proceeds from issue of share capital (net)	121 007	19 960
+ Proceeds from subscription / exercise of share warrants	50	37
+ Proceeds from new loans & borrowings	1 500	157 377
- Repayments of loans & borrowings	(1 034)	(1 655)
- Financial interests paid (including finance lease)	(43)	(1 372)
Net cash flows provided by (used in) financing activities	**121 480**	**174 348**

10.2.1. Cash flow from operating activities

In 2017, cash flow from operating activities amounted to €-49,856k compared to €-27,226k in 2016.

This negative cash flow is a direct consequence of the industry in which GENFIT operates, which requires significant research and development efforts and generates costs that fluctuate based on the state of development of the Company's proprietary research programs. There is currently no corresponding revenue stream to offset said expenditures.

10.2.2. Cash flow from investment activities

Cash flow from investment activities was €-2,948k in 2017 compared to €-2,086k in 2016.

This change is mainly due to the acquisition of capital assets.

This amount does not include investments financed by finance leases (€1,756k) in 2017.

10.2.3. Cash flow from financing activities

In the 2017 and 2016 fiscal years, cash flow from financing activities amounted to €174,348 thousand and €121,480 thousand, respectively. This significant change is mainly due to the issuance of OCEANEs in October 2017 for a nominal amount of approximately €180 million, compared with share capital increases in 2016 of €121 million.

Generally speaking, the OCEANE issuance have enabled GENFIT to improve its financial position and continue deploying its development strategy, by giving it the means to maintain investment levels in research for its various ongoing programs and, in particular, for its drug candidate elafibranor

The other elements of cash flow are:

- New loans

In 2017, the Company took out new loans in a total amount of €2,400 thousand. A total amount of €2,441 thousand was drawn down from these new loans and from loans taken out in 2016 but not yet drawn down.
In 2015, the Company took out new loans in a total amount of €2,815 thousand. A total amount of €1,500 thousand was drawn down from these new loans.

- Repayment of loans and public financing

In 2017, the Company repaid €131 thousand in repayable and conditional advances and €1,240 thousand in bank loans and a loan with participation features.

In 2016, the Company repaid €133 thousand in repayable and conditional advances and €892 thousand in bank loans and a loan with a participation feature.

10.3. RESTRICTION ON THE USE OF EQUITY

With the exception of deposits and sureties (€ 274 thousand) recognized as non-current and current financial assets as of December 31, 2017, the Company is not subject to any restriction on the use of its equity.

10.4. OFF BALANCE SHEET COMMITMENTS

See notes 6.6 – "Property, Plant and Equipment"; 6.7- "Trade and other Receivables" and 6.27 – "Events after the Reporting Period" to the consolidated financial statements for the year ended December 31, 2017, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2017" .of this Registration Document.

10.5. SOURCES OF EXPECTED FINANCING REQUIRED TO PAY CERTAIN UNDERTAKINGS

The sources of financing expected to pay certain undertakings described in section 5.2.3 – "Principal Planned Future Investments" of this Registration Document are described in that section.

The financing of rents du for rented real estate described in section 8.1 – "Description of real estate properties" of this Registration Document comes from the Company's available cash.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, TRADEMARKS, AND DOMAIN NAMES

11.1. RESEARCH AND DEVELOMENT ACTIVITIES

The majority of the Company's business activities are focused on the pharmaceutical research and development of innovative drug candidates and biomarker candidates. The Company also focuses on its research programs for the screening of molecules from the pharmacopeia. These activities are described in detail in chapter 6 – "Overview of the Group's Activities" of this Registration Document.

11.2. INTELLECTUAL PROPERTY

Intellectual property is at the heart of the Company's value generation efforts. Since its creation, the Company has developed an organization dedicated to the development and protection of this essential asset.

The Company's intellectual property results from patent applications and patents on drug candidates, patent applications and patents on innovative methods and tools, production methods, registered trademarks, domain names and copyrights as well as, more generally, all of the Company's know-how.

This intellectual property protects mainly innovative results from the research and development activities carried out internally by GENFIT.

11.2.1. Intellectual property protection at GENFIT

The Company has an internal intellectual property department made up of patent experts and scientific monitoring specialists. This department has multiple responsibilities aimed at protecting, preserving, defending, and capitalizing on the Company's know-how.

This department is in charge of the protection of innovations by preparing and filing the strongest patent applications possible, monitoring the Company's compliance with the intellectual property rights of third parties by conducting freedom to operate studies on the technologies used and/or developed for or by the Company, ensuring compliance with the Company's intellectual property rights by monitoring patent applications and patents registered by third parties and, as the case may be, by filing opposition to the granting of these patents or conducting patent searches.

The intellectual property department also manages other intellectual property rights and the contracts concerning said rights.

Several procedures were put in place to protect the intellectual property generated by the Company's researchers. These procedures include the strict protection of the confidential information it holds, a rigorous system for keeping records and managing laboratory notes, the filing of well documented patent applications and constant employee debriefings regarding the means for protecting, the significance, and the challenges of intellectual property.

11.2.2. GENFIT's proprietary patent and patent application portfolio

The Company's patent portfolio is constantly evolving and is regularly evaluated in order to ensure its adequacy with respect to the activities and objectives of the Company, in particular relating to the molecules under development.

At the date of this Registration Document, the Company's portfolio is made up exclusively of patents and patent applications held in the Company's name.

This portfolio includes patent applications and patents concerning new molecules that have the potential to become drugs as well as the medical uses of said molecules, or concerning new, untested applications for molecules already known for other uses. The portfolio also includes useful dosing tools for diagnostics, clinical monitoring, evolution prognosis, or as research tools, including biomarkers.

As of the date of this Registration Document, the patent portfolio includes 503 pending patent applications and active patents, representing 49 patent families, of which 15 are related to the drug candidate elafibranor, and each of which corresponds to a specific invention. A sign of the innovation at GENFIT, this represents an 18% increase in the portfolio compared with the previous year. Overall, 396 patents were granted or delivered.

All of the published patent applications (priority or international applications) as of the date of this Registration Document, included in the Company's portfolio are listed in the table below. This table does not include, therefore, new patent applications not yet published at the date of this Registration Document (27 families in total).

Family	PCT Application	Title of PCT Application (1)	Priority Date (2)	Status (3)
1	WO2004005243	composition based on substituted 1,3-diphenylprop-2-en-1-one derivatives, preparation and uses thereof	07/08/2002	Granted (4) : AU, CA, CN, EA (MD, RU), EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, PT, RO, SE, SI, SK, TR), IL, IN, JP, KR, MX, NO, NZ, PH, PL, SG, US (main patent + 2 divisional), ZA Pending (5) : BR
2	WO2004005233	substituted 1,3-diphenylprop-2-en-1-one derivatives and preparation and uses thereof	07/08/2002	Granted: AU, BR, CA, CN, EA (MD, RU), EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, PT, RO, SE, SI, SK, TR), IL, IN, JP, KR, MX, NO, NZ, PH, PL, SG, US (main patent + 1 divisional), ZA
3	WO2005005369	Preparation of 1,3-diphenylprop-2-en-1-one derivatives	07/08/2003	Granted : AU, BR, CA, CN, EA (MD, RU), EP (AT, BE, CH, DE, DK, ES, FR, GB, HU, IE, IT, LU, MC, NL, SE), IL, IN, JP, KR, MX, NO, NZ, PH, PL, SG, US, ZA Pending: BR
4	WO2005073184	1,3-diphenylprop-2-en-1-one derivative compounds, preparation method and uses of same	01/08/2004	Granted: EA (MD, RU), EP (BE, CH, DE, FR, GB, IE), US

Family	PCT Application	Title of PCT Application (1)	Priority Date (2)	Status (3)
5	US7566737 (6)	Combinations of substituted 1,3-diphenylprop-2-en-1-one derivatives with other therapeutically active ingredients	07/08/2002	Granted : US
6	WO2007147879	substituted 1,3-diphenylpropane derivatives, preparations and uses thereof	06/21/2006	Granted : AU, CA, CN, EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, PL, PT, RO, SE, SI, SK, TR), IL, IN, JP, KR, SG, US Pending : CN (divisional)
7	WO2007147880	substituted 1,3-diphenylpropane derivatives, preparations and uses thereof	06/21/2006	Granted: AU, CA, CN, EA (MD, RU), EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, NO, PL, PT, RO, SE, SI, SK, TR), IL, IN, JP, KR, MX, NZ, PH, SG, US, ZA Pending : BR
8	WO2011064350	Use of 1,3-diphenylprop-2-en-1-one derivatives for treating liver disorders	11/26/2009	Granted: AU, CN, EA (MD, RU), EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, NO, PL, PT, RO, SE, SI, SK, TR), HK, IL, JP, MX, NZ, PH, SG, US (main patent + 4 divisionals), ZA Allowed(7): CN (divisional), EP (divisional) Pending : BR, CA, HK (divisional), IL (divisional), IN, JP (divisional), KR, US (divisional)
9	WO2011144579	Improved preparation of chalcone derivatives	05/17/2010	Granted : AU, CN, EA, EP (AL, AT, BE, BG,CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL NO, PL, PT, RO, SE, SI, SK, TR), HK, IL, JP, MX, NZ, PH, SG, US, ZA Pending: BR, CA, IN, KR
10	WO2014111584	Methods of treatment of fibrosis and cancers	01/18/2013	Granted: JP, ZA Pending : AU, BR, CA, CN, EA, EP, HK, IL, IN, KR, MD, MX, NZ, PH, SG, US
11	WO201767935	Methods of treatment of cholestatic diseases	03/31/2016	International PCT application which should enter into national/regional stage before 09/30/2018
12	WO2008087366	Substituted 3-phenyl-1-(phenylthienyl)propan-1-one and 3-phenyl-1-(phenylfuranyl)propan-1-one derivatives, and preparation and use of same	12/29/2006	Granted : AU, CA, CN, EA (MD, RU), EP (BE, CH, DE, ES, FR, GB, IE, IT, LU, MC, NL), IL, IN, JP, KR, NZ, SG, US Pending: BR
13	WO2009153496	PPAR agonist compounds, preparation and uses	05/26/2008	Granted: EP (BE, CH, DE, ES, FR, GB, IE, IT, LU, MC, NL), HK, US

Family	PCT Application	Title of PCT Application (1)	Priority Date (2)	Status (3)
14	WO2013045519	Derivatives of 6-substituted triazolopyridazines as Rev-erbalpha agonists	09/11/2011	Granted: AU, CN, EP (BE, CH, DE, FR, GB, IE, LU, MC), HK, JP, US, ZA Pending: BR, CA, EA, IL, IN, MX, US (divisional)
15	WO2013098374	1,3-diphenylpropane derivatives, preparations and uses thereof	12/28/2011	Granted: AU, CN, IL, JP, NZ, SG, US, ZA Allowed : PH Pending: BR, CA, EA, EP, HK, IN, KR, MX
16	WO2016102633	RORgamma modulators and uses thereof	12/23/2014	Granted: US Pending: CA, EP, HK
17	WO2017178172	Methods of treatment for cholestatic and fibrotic diseases	04/11/2016	Pending: WO, US (5 applications) International PCT application which should enter national/regional stages before 10/11/2018
18	WO2017178173	Methods of treatment for cholestatic and fibrotic diseases	04/11/2016	Pending: WO, US International PCT application which should enter national/regional stages before 10/11/2018
19	WO2017178174	Methods of treatment for cholestatic and fibrotic diseases	04/11/2016	Pending: WO, US International PCT application which should enter national/regional stages before 10/11/2018
20	WO2002016638	Method for identifying substances useful for treating inflammation using the response element to the I kappa B alpha ROR receptor	08/23/2000	Granted : AU, EP (BE, CH, DE, FR, GB, LU, MC), US
21	WO2007085775	Use of 15-lipoxygenase inhibitors for treating obesity	01/30/2006	Granted : US
22	WO2017046181	Method for diagnosing and evaluating non-alcoholic steatohepatitis	09/14/2015	Pending: AU, BR, CA, CN, EA, EP, HK, MD, IL, IN, JP, KR, MX, NZ, PH, SG, US, ZA
23	WO2017167934	Methods for diagnosing and evaluating non-alcoholic steatohepatitis	03/30/2016	International PCT application which should enter national/regional stages before 09/30/2018

NB : AU : Australia ; CA : Canada ; CN : China ; EA : Eurasia ; MD : Moldavia ; RU : Russia ; EP : Europe ; AL : Albania ; AT : Austria ; BE : Belgium ; BG : Bulgaria ; CH : Switzerland ; CY : Cyprus ; CZ : Czech Republic ; DE :Germany ; DK : Denmark ; EE : Estonia ; ES : Spain ; FI : Finland ; FR : France ; GB : United Kingdom ; GR : Greece ; HU : Hungary ; IE : Ireland ; IT : Italy ; LT : Lithuania ; LU : Luxemburg ; LV : Latvia ; MC : Monaco ; MK : Macedonia; NL : Netherlands ; NO : Norway ; PL : Poland ; PT : Portugal ; RO : Romania ; SE : Sweden ; SI : Slovenia ; SK : Slovakia ; TR : Turkey) ; HK : Hong Kong ; IL : Israel ; IN : India ; JP : Japan ; KR : South Korea; MX : Mexico ; NZ : New Zealand; PH : Philippines ; SG : Singapore ; US : United States of America; ZA : South Africa.
(1) PCT Application (Patent Cooperation Treaty): In the field of patents, an "international" application may be filed under P.C.T. (Patent Cooperation Treaty); The PCT Treaty is in force, as of January 14, 2010, in 142 countries including France. The international application is filed with a receiving Office, for example the INPI in France, and indicates the Contracting States in which protection is sought. An international search report is drawn up and accompanies a written opinion which may give rise to a reply. At the initiative of the applicant, a preliminary examination may be requested on an optional basis within the prescribed time limits and after completion of the required formalities. This examination results in the preparation of an international examination report. The applicant must then file national or regional patent applications in all or some of the designated States. These States shall then examine the corresponding applications, taking into account, where appropriate, the international search report and the international examination report but applying their national laws.
(2) Priority date: the patent priority date is the date corresponding to the first filing made (filing of a national, European or international application)
(3) Status : The progress of the procedure for the grant of a patent may vary from one country to another for the same invention. Moreover, the scope of the claims of a patent application is likely to change in the context of the substantive reviews carried out by the National or Regional Offices in which protection is sought. When a patent is issued, its maintenance depends on the regular payment of maintenance fees.
(4) Delivered: delivered patent following review by the competent authority, in a given country or region, following the application filed by the Company in the given country/region

(5) Pending : a patent application under review by the competent authority
(6) A U.S. CIP (Continuation-in-part) patent from the US 10/520,079 (from the WO2004005233) patent
(7): Allowed: patent applications for which a Notice of Allowance was delivered following review from the competent authority; granting depending on the payment of an official tax

This portfolio includes principally patent applications and patents for "Products" (new molecules), "Processes" (in particular molecule production processes or synthesis processes), and "Use" (dosage, combination with other drugs, second medical use...), therefore providing a wide array of coverage catered specifically to the Company's business activities. It also includes patent applications for diagnostics.

The Company continuously aims to optimize the protection of its products, a protection focused on the molecules themselves, on their production process, and on their use (seeking to prevent any third party from holding, producing, importing, selling and using said molecule family in any possible way, including their various projected medical uses), thereby improving the protection surrounding these molecules.

In certain cases, patent applications for synthesis methods or for specific combinations with other compounds, particularly other active compounds, have also been filed in order to further strengthen the protection of these new molecules. These new patent applications are the result of continuous research efforts and are, in most cases, filed after the filing of patent applications for new molecules. As such, in addition to an extended range of protection, these additional filings also extend the duration of protection from which the drug(s) approved to market will benefit, provided they contain these new molecules and use the protected method or composition.

The Company's intellectual property protection policy covers a vast territorial area, especially in the case of "Product" patents. This is to ensure, among other things, the largest territorial monopoly possible. Priority patent applications are now always filed in the form of a European patent application. This type of filing guarantees that the European Patent Office (EPO) will conduct, during the priority year, an in-depth search of prior art, which yields a detailed assessment of the patentability of the claimed inventions, and to prepare extensions while fully aware of existing prior art that may affect the patentability of the claimed inventions.

The Company's patent applications and patents are generally extended to many other countries, particularly in Europe (a European patent applies to roughly thirty countries), in the United States, Australia, Canada, Israel, Japan, and China.

The Company’s proprietary portfolio is composed on three categories of patents:

11.2.2.1. Patent and patent applications related to elafibranor

Elafibranor is a molecule synthesized and developed by the Company, in particular which is currently undergoing Phase III of its clinical development in NASH. As of the date of this Registration Document, 360 patent applications and patents concern elafibranor, representing 15 separate patent families. This portfolio of patents represents nearly 72% of the total portfolio and is constantly evolving.

This molecule is protected as such, in other words regardless of its use, by a priority patent application initially filed in France on July 8, 2002. This priority patent application belongs to a family of patent applications and patents that also claims intellectual property rights over the family of compounds surrounding elafibranor: as such, molecules structurally similar to elafibranor are also covered under this patent family. Lastly, this patent family also protects the use of elafibranor and its associated family of compounds, especially in the treatment of brain ischemia and hemorrhagic stroke prophylaxis.

A second family of patent applications and patents, the priority patent application of which was also initially filed in France on July 8, 2002, claims intellectual property rights over the use of elafibranor in the treatment of numerous disorders, in particular the prevention or treatment of cardiovascular diseases, lipid and/or glucose metabolism disorders, and inflammatory diseases.

Thirteen additional patent application families were filed to reinforce the protection of elafibranor and elafibranor analogs, mainly concerning specific forms of elafibranor, specific synthesis methods, specific combinations with other pharmaceutical compounds, or the treatment methods for specific disorders or pathologies, or therapeutic uses. One of the most recently filed patent applications mainly protects the use of the elafibranor compound in the treatment of primary biliary cholangitis (PBC).

The Company's patent applications and patents were extended to many other countries, particularly in Europe (a European patent applies to roughly thirty countries), in the United States, Australia, Canada, Israel, Japan, and China.

The 323 patents granted or delivered for elafibranor have an expiration date between 2023 and 2034, with the option, for specific patents and in specific countries (mainly in the United States and Europe), of obtaining an extension of the coverage period by securing a Supplementary Protection Certificate (SPC), which can grant up to five additional years of coverage. This extended coverage period can only be obtained provided the Company applies for and receives a Marketing Authorization (MM).

These patents offer general protection against the production, importation, sale and use of elafibranor and structurally similar molecules claimed in these patents in the countries in question, as well as specific protection relative to the treatment of numerous disorders, in particular the prevention or treatment of cardiovascular diseases, lipid and/or glucose metabolism disorders, and inflammatory diseases. However, the Company remains exposed to the risk that the extent of the protection provided by its patents is not sufficient to protect the Company from its competitors and other third parties, which could have an adverse impact on the business activities, future prospects, financial position, results, and the development of the Company. For further information please refer, in particular, to Section 4 – "Risk factors" and in particular, section 4.2.1 – "Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights" of this Registration Document.

11.2.2.2. Patents and patent applications relating to dosing/diagnostic tools, including biomarkers

As of the date of this Registration Document, this category of inventions primarily includes 34 priority or international applications of the total 503 in its portfolio, representing 17 patent families, including 14 families of biomarkers.

These patent applications and patents concern dosing and diagnostic tools that could prove useful in the diagnosis, treatment, evolution prognosis, and the monitoring of patients showing signs of lipid metabolism or liver disorders.

During the last eight months, the Company in particular has filed 12 patent applications covering the use of several miRNA of interest to it in the diagnosis of NASH and fibrosis.

These patent applications or patents are also very important for the Company as they contribute to its exclusivity over the use of and the freedom to operate the new tools and methods it uses to conduct its research. However, the Company remains exposed to the risk that the extent of the protection provided by its patents is not sufficient to protect the Company from its competitors and other third parties, which could have an adverse impact on the business activities, future prospects, financial position, results, and the development of the Company. For further information please refer, in particular, to Section 4 – "Risk factors" and in particular, section 4.2.1 – "Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights" of this Registration Document.

In addition, they reinforce the Company's credibility vis-à-vis third parties, particularly with respect to its ability to identify and confirm new medical targets which, in turn, opens the door to potential collaborative research alliances with first rate industrial partners in the medical industry.

11.2.2.3. Patents and patent applications on new molecules and their uses (excluding elafibranor) or on new therapeutic indications

As of the date of this Registration Document, this category of inventions includes 99 patent applications or patents of the total 503 in the Company's portfolio, representing 18 patent families. They represent nearly 20% of its portfolio and the number of patent applications and patents should continue to grow in the future.

These patent applications and patents claim intellectual property rights over new families of molecules developed in the Company's laboratories including from the TGFTX4 program targeting new anti-fibrotic drug candidates (2 new patent families) and the TGFTX1 program for the discovery of drug candidates targeting RORγt (4 new patent families).

These patent applications or patents also claim the repositioning of molecules in new therapeutic indications (4 new patent families).

11.2.3. Patents on drug candidates developed in the context of collaborative research alliances

The agreements historically signed in the context of the Company's collaborative research alliances provide the intellectual property rights for the drug candidates developed in the context of the partnerships belong to the industrial partner. These agreements also provided that the Company owns the innovative technologies discovered or developed during said partnerships and providing a non-exclusive, royalty-free license to the partners in order to develop the drug candidates discovered during the collaborative research program.
Nevertheless, this is not the case for molecules or diagnostic methods or tools developed by the Company on its own, nor for elafibranor for which the entire patent portfolio is held by the Company.

To date, Sanofi is the only partner who still has rights to develop a drug candidate in the context of its historical collaborative research alliance with GENFIT and therefore likely to use the non-exclusive, royalty-free license to the technologies developed by GENFIT. The other historical partners have notified GENFIT of their decision not to develop or to stop development of the results of their co-research alliances. Nevertheless, to date, Sanofi has not notified the Company of its desire to continue the development of this program at the date of this Registration Document. For further information, please refer to chapter 22 – "Material Contracts" of this Registration Document.

11.2.4. Licenses Granted to the Company

As of the date hereof, the Company has not had to acquire any licenses for the use of third party intellectual property rights with respect to the molecules it develops or the diagnostic or research tools or methods it employs in connection with its business activities.

11.2.5. Licenses Granted by the Company

The Company granted some of its partners a free and non-exclusive license for the use of the new methods and technologies it developed in the context of its long-standing collaborative research alliances. Said license is valid for the duration of the co-research contracts in question.

11.2.6. Other Intellectual Property Assets

The Company also owns trademarks and domain names.

As of the date of this Registration Document, the "GENFIT" and "GENFIT Towards Better Medicine" trademarks and logos are protected (registered or pending registration) in the European Union (Community Trade Mark) as well as in Australia, in Canada, the United States, in Israel, Japan, Switzerland, Turkey, Brazil, China, Mexico, South Korea, and India.

In order to strengthen the protection of its trademarks and as a result of, in particular, the revamping of its website in 2014, the Company now owns several domain names: www.genfit.com/.fr/.net/.eu, www.genfitpharma.com/.fr, www.genfitcorp.com, as well as www.it-diab.com/.fr, www.it-omics.com, and www.itomics.com.

In addition, the Company has registered the following domain names: www.elafibranor.com/.fr/.net/.eu, www.GFT505.com/.fr, www.GFT-505.com/.fr, www.genfit-pharmaceuticals.com/.fr, www.genfitpharmaceuticals.com/.fr, and www.genfit.cn.

In relation to the biomarker program, the Company also registered the following domain names: www.mir-dx.com/.eu/.fr/.net ; www.mirquestdiagnostics.com/.eu/.fr/.net ; et www.genfitdx.com/.eu/.fr/.net/.co.

11.3. RESEARCH EXPENDITURES

Research and development expenses incurred in the 2017, 2016 and 2015 fiscal years are presented in note 6.3.20 – "Research and development expenses" to the consolidated financial statements for the year ended December 31, 2017, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016"., note 6.20 to the consolidated financial statements for the year ended December 31, 2016 and note 1.2.2.8 to the consolidated financial statements for the year ended December 31, 2015, incorporated by reference into this Registration Document.

12. TREND INFORMATION

Market trends are described in section 6.6.6 – "Market and competition for elafibranor" of this Registration Document.

The important events of 2017, the Company's strategy and the next stages of its development are described respectively in section 5.1.5 – "Key Events in the Development of the Group's Activities" and section 6.3 – "Strategy" of this Registration Document.

The uncertainties relating to the future prospects and business of the Company are described in chapter 4 – "Risk factors" of this Registration Document.

Lastly, first quarter 2018 information concerning the Company's cash positions and results is provided in section 20.11- "First quarter 2018 financial information" of this Registration Document.

13. PROFIT FORECASTS OR ESTIMATES

The Company does not provide profit forecasts or estimates.

14. ADMINISTRATIVE BODIES AND MANAGEMENT

The Company, initially founded as a *société anonyme* with an Executive Board and a Supervisory Board, became a *société anonyme* with a Board of Directors following the decision of the Shareholders' Meeting on June 16, 2017. The Board of Directors decided the same day to appoint the then current Chairman of the Executive Board. As Chairman and Chief Executive Officer. As such, the shareholders allowed the Company to have a governance structure closer to international standards and more likely to allow the Company to welcome the expert board members whom it wishes to recruit to accompany its international development in the years to come.

Following this change, the employment contract of Mr Jean-François Mouney was terminated and replaced with a new and sole corporate officer contract (*contrat de mandate social*).

The principles and criteria for the setting, distribution and granting of the fixed, variable and exceptional compensation (including the Incentive Plan described in section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)" of this Registration Document) making up the total compensation and benefits in kind of the Chairman and CEO for 2018 will be submitted to the approval of the Combined Shareholders Meeting scheduled for June 15, 2018 in accordance with the "Sapin II" Law.

14.1. MEMBERS

14.1.1. Board of Directors

Since June 16, 2017, Genfit is governed by a Board of Directors, composed, as of December 31, 2017 and at the date of this Registration Document, of seven members, of which five are considered to be independent pursuant to the criteria of the Middlenext Code. The board members serve terms of five years.

Within the meaning of that code, as amended in September 2016 and available on the website of Middlenext (www.middlenext.com), a board member is considered as independent if he/she:

- was not an employee or executive officer of the company or of a Company of its group and was not an employee or officer of the Company or of a company of its group during the five previous years;
- was not a significant banker, supplier or customer of the Company or of its group or for which the Company or its group represents a significant share of activity, during the past two years;
- is not a reference shareholder of the Company or hold a significant share of the voting rights;
- does not have a close family relationship with a corporate officer or a reference shareholder;
- was not an auditor of the Company during the six previous years.

As of December 31, 2017 and as at the date of this Registration Document, only Biotech Avenir SAS as a reference shareholder of the Company and its Chairman and Chief Executive Officer in his capacity as former executive officer of the Company, are not considered independent under the Middlenext Corporate Governance Code.

The change in the Company's administration and management on June 16, 2017 was also an opportunity to appoint two new independent directors. With Catherine Larue, Anne-Hélène Monsellato and Florence Séjourné, the Board of Directors has three women out of seven, so that at the date of this Registration Document, the Board is in compliance with Law no. 103 of 27 January 2011 on the balanced representation of women and men on boards of directors.

There is no director elected by the employees to the Board of Directors. Two employees represent the Works Council and participate in the meetings of the Board of Directors.

The tables below and on the subsequent pages summarize the offices and activities of the members of the Board of Directors.

Jean-François MOUNEY, **62 years old, French** **Chairman and Chief Executive Officer of GENFIT SA** **Member of the Nomination and Compensation Committee** **Member of the Alliances Committee and**	**Professional address :** **885, Avenue Eugène Avinée – 59120 LOOS**	**Number of GENFIT shares held :** **11,266 shares and 17.1 % of Biotech Avenir SAS**
PROFESSIONAL EXPERIENCE / EXPERTISE		
Jean-François MOUNEY co-founded Genfit in 1999 after having been actively involved in the incubation of the Company from 1997. Prior to this, he had created, managed and developed several companies specializing in high-performance materials, particularly in the aeronautical industry, since 1979. In 1992, he founded M&M, a consultancy firm specializing in health economics. He was responsible for carrying out a feasibility study for an economic development agency within the field of health and biology in the Nord-Pas-de-Calais region of France and was appointed Chief Executive Officer of this agency since its launch in 1995. Over a hundred companies have been created as part of this venture, making Eurasanté one of the top European bioincubators and clusters. As Chairman of the Executive Board of Genfit, he received, in 2003, the Entrepreneur of the Year award, which is organized internationally by Ernst & Young, in the New Technology category. He also received this award in 2004. Jean-François Mouney is also Deputy Chairman of the "Nutrition, Health and Longevity" research hub and is Advisor to the Banque de France since 2008. Jean-François Mouney is a graduate of the ESCP-Europe Business School, and holds a Master Degree in Economics from the University of Lille.		
TERM OF OFFICE		
1st appointment : Supervisory Board of September 15th, 1999 Last renewal: board member, June 16, 2017 by the Shareholders' Meeting; and CEO, June 16, 2017, by the Board of Directors	End of the current term: Shareholders' Meeting called to vote on the financial statements for the year ended December 31, 2021	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chairman of the Board of Directors of GENFIT CORP Chairman of Genfit Pharmaceuticals SAS Chairman of Biotech Avenir SAS Chairman of the Board of Directors of The NASH Education Program™, endowment fund	During the last five years, Jean-François MOUNEY has also held the following offices and positions, which he no longer holds : Chairman of Naturalpha SAS	

Xavier GUILLE DES BUTTES **76years old, French** **Vice-Chairman of GENFIT SA Board of Directors, of which he is an independent member.** **Chairman of the Nomination and Compensation Committee** **Member of the Audit Committee** **Member of the Alliances Committee**	**Professional address :** **885, Avenue Eugène Avinée – 59120 LOOS**	**Number of GENFIT shares held :** **1,072 shares**

PROFESSIONAL EXPERIENCE / EXPERTISE

Graduated from the ESSCA (Ecole Supérieure des Sciences Commerciales d'Angers), from the Institute of Foreign Commerce and from the Management Control Institute, Xavier GUILLE DES BUTTES has spent his entire career in the pharmaceutical industry. He has held a large number of executive positions for more than 30 years, particularly in the French subsidiary of the German Group Schering AG, where he has successively held the positions of Marketing Director, General Manager of the pharmaceutical Division and Chairman of the Board of Directors until June 2006. Member of GENFIT's Supervisory Board from October 18, 2006, he chaired the Supervisory Board from April 5, 2008 to June 17, 2017, when he became Vice-Chairman of the Board of Directors following the change in administration voted by the Shareholders' Meeting of the same date. In addition to his responsibilities at GENFIT, he also serves as director of several companies. He holds offices with Atlanta (a start-up based in Nantes), Delpharm Holding (pharmaceutical manufacturing), Hemarina, a start-up located in Morlaix and Medsenic (start-up based in Strasbourg). Xavier GUILLE DES BUTTES also chairs the Foundation of the Catholic University of Lille and is a knight of the Legion of Honor.

TERM OF OFFICE

1st appointment : October 18, 2006 Last renewal : June 17, 2017, by the Shareholders' Meeting	End of the current term: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2021

OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES

Director: Atlanta and Hermarina Member of the Board of partners of Delpharm Holding. Chairman of the Strategic Committee of Medsenic Vice-President of the Board of Directors of The NASH Education Program™, endowment fund	During the last five years, Xavier Guille des Buttes has also held the following offices and positions, which he no longer holds : Director, Diagast Member of the Supervisory Board of Ouest Angels

Anne-Hélène MONSELLATO **50 years old, French** **Member of the Board of Directors of GENFIT SA, of which she is an independent member** **Chairman of the Audit Committee**		**Number of GENFIT shares held : 0**
PROFESSIONAL EXPERIENCE/EXPERTISE		
Board member certified from IFA Sciences Po (French Association of Directors), and a Certified Public Accountant in France since 2008, Ms. Monsellato graduated from EM Lyon with a degree in Business Management. Since May 2015, she has been an independent director, the Chairman of the Audit and Risk Committee and a member of the Corporate Governance and Nomination Committee of Euronav, a Belgian crude oil tanker company listed on NYSE and Euronext Brussels. In addition, she serves as the Vice President and Treasurer of the Mona Bismarck American Center for Art and Culture, a U.S. public foundation based in New York. From 2005 until 2013, Mrs. Monsellato served as a Partner with Ernst & Young (now EY), Paris, after having served as Auditor/Senior, Manager and Senior Manager for the firm starting in 1990. During her time at EY, she gained extensive experience in cross border listing transactions, in particular with the U.S., internal control and risk management, and was involved with several companies in the pharmaceutical and biotechnology sector. Mrs. Monsellato is an active member of the IFA and of the selection committee of Femmes Business Angels since 2013		
TERM OF OFFICE		
1st appointment : June 16, 2017 by the Shareholders' Meeting Last renewal: N/At	End of the current term: Shareholders' Meeting called to vote on the financial statements for the year ended December 31, 2021	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Euronav, board member, Chairman of the Audit and Risk Committee, member of the Governance and Nominations Committee Mona Bismark American Center for Art and Culture, Vice-President and Treasurer	During the last five years, Anne-Hélène Monsellato has not held any offices and positions which she no longer holds.	

Frédéric DESDOUITS **50 years old, French** **Independent member of the Board of Directorsof Genfit SA** **Member of the Alliances Committee**		**Number of GENFIT shares held: 111 shares**

PROFESSIONAL EXPERIENCE / EXPERTISE

Frédéric Desdouits is Managing Director of Uetikon (Lahr, Germany), member of the Novacap group (Ecully, France).

Prior to joining Novacap in October 2017, he was head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence since 2011, and North American Pharma Director from January 2016. He was also member of the Pharmaceuticals Executive Board and of the Development Products Board. Prior to joining Pierre Fabre, Frederic was Managing Partner at Bionest Partners (2004-2011), a consulting and transaction firm based in Paris and New York specialized in healthcare and biotechnology; and the founding Managing Partner of Bionest Partners Finance (2007-2011), a boutique specialized in value strategy and fund raising for emerging bio-companies. Between 1997 and 2004, Frederic was a partner in charge of Pharmaceutical and Biotechnology sectors at Exane BNP-Paribas, an investment company. Before heading for finance, Frederic worked in research (1996-1997) at GlaxoWellcome in France (now GSK), as a consultant for Hoechst in the USA (1995-1997) and as a PhD student (1992-1995) with a grant from Rhône-Poulenc in France (now Sanofi).
Between 2010 and 2011, Frédéric Desdouits was a member of the Pre-Phase III DPU Blood & Vessels Specific Board at Sanofi Aventis (now Sanofi) R&D (Chilly-Mazarin, France).

Frédéric Desdouits is a member of the Supervisory Board of CiToxLab and board observer on the Board of Directors of Orphelia Pharma. Between 2008 and 2011, Frederic was Board member at Exonhit Therapeutics (now Diaxonhit Therapeutics) and member of the M&A subcommittee, and from 2015-2017, observer on the Orphelia Pharma Board of Directors.
Frédéric Desdouits graduated from Ecole Polytechnique (Palaiseau, France), obtained a MS in pharmacology and a PhD in Neurosciences at University Paris VI and Collège de France, did a post-doc (1994-1996) at the Rockefeller University in New York. He is a CEFA (Certified European Financial Analyst) and Certified in Global Management from INSEAD.

TERM OF OFFICE

1st appointment : June 20, 2014 Last renewal : June 17, 2017, by the Shareholders' Meeting	End of the current term: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2021

OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES

Managing Director (Geschäftsführer) of CU Chemie Uetikon GMBH (Lahr, Germany) Supervisory Board member, CiToxLab	During the last five years, Frédéric Desdouits has held the following offices or positions, which he no longer holds: Vice-Chairman – Head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence Department Board observer, Orphelia Pharma (representing Pierre Fabre)

Catherine LARUE **62years old, French** **Independent member of the Board of Directors of GENFIT SA** **Member of the Nominations and Compensation Committee**		**Number of GENFIT shares held : 0**
PROFESSIONAL EXPERIENCE/EXPERTISE		
Since 2012, Dr. Catherine Larue has been CEO of the Integrated Biobank of Luxembourg (IBBL), where she led the development of the biobanking strategy and new initiatives in the field of personalized medicine. During this time, she also served as interim CEO of the Luxembourg Institute of Health (LIH), a biomedical research institute. Prior to joining the IBBL, Dr. Larue piloted the biomarker program at Genfit until 2012. Dr. Catherine Larue began her career as team leader at Sanofi at the Montpellier, France based R&D center in the cardiovascular research department. She later joined Sanofi Diagnostics Pasteur, as Director of R&D and then spent 11 years at the Bio-Rad group, holding different management positions. She participated in the discovery of several innovative biomarkers and the commercialization of dozens of diagnostic products. Dr. Catherine Larue holds a doctorate in experimental biology and an accreditation to direct research (Habilitation à Diriger la Recherche or HDR) from the University of Rouen, a degree in clinical oncology from the University of Paris VI and an executive MBA from St John's University (New York).		
TERM OF OFFICE		
1st appointment : June 16, 2017 by the Shareholders' Meeting Last renewal: N/At	End of the current term: Shareholders' Meeting called to vote on the financial statements for the year ended December 31, 2021	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
CEO of Integrated BioBank of Luxemburg Director, Board of Directors ITTM Solutions Luxemburg (spin off of University of Luxemburg)	During the last five years, Catherine Larue has held the following offices and positions which she no longer holds: Interim CEO of the Luxembourg Institute of Health (LIH),	

SAS BIOTECH AVENIR, represented by Florence SEJOURNE **46 years old, French** **Member of Board of Directors of Genfit SA**		**Number of Genfit's shares held : 1,888,482 shares** **Number of Genfit shares held by Florence Séjourné : 0 and 9.9% of Biotech Avenir**
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the Ecole des Mines of Paris (Biotechnology option) and holding a masters degree in Pharmacy from the University of Illinois (Chicago, United States), she was in charge of the biopharmaceutical sector for Eurasanté. She co-founded Genfit and served as the Company's Chief Operating Officer, Business Development Director, industrial alliances coordinator and member of the Executive Board from 1999 to2008. Since then, she is Chairwoman of Da Volterra.		
TERM OF OFFICE		
1st appointment : At creation of the Company, September 15, 1999 Last renewal : June 17, 2017, by the Shareholders' Meeting	End of the current term: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2021	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chairman of Da Volterra Member of the Executive Committee of SAS Biotech Avenir	During the last five years, Florence Séjourné has not held any other offices or positions that she no longer holds.	

Philippe MOONS* **66 years old, French** **Independent member of the Board of Directors of Genfit SA** **Member of the Audit Committee**		**Number of Genfit's shares held : 310**
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the Institut Catholique des Arts et Métiers de Lille and from the Ecole des Hautes Etudes Commerciales du Nord (EDHEC), Philippe Moons began his career as a business engineer in a French industrial Group. In 1989, he joined Finorpa, a venture capital and growth capital company, operating under the aegis of the Group "Charbonnage de France" and of the Nord-Pas-de-Calais region. Since 2006, he is in charge of supporting and financing several companies in their early-stage activities or development phases; in particular in the fields of biology and health. In addition the responsibilities he had at Finorpa and now holds at Genfit as director, Philippe Moons was a member of the Executive Board of Finovam, a regional venture capital company, established in 2014 to strengthen the emergence and provide seed capital to innovative businesses, primarily technological projects in the Nord-Pas-de-Calais region.		
TERM OF OFFICE		
1st appointment : July 16th, 2015 on cooptation by the Supervisory Board in replacement of Finorpa (resigning member); and ratified by the General Meeting of Shareholders on June 21, 2016 Last renewal : June 17, 2017, by the Shareholders' Meeting	End of the current office : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2021	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
None	During the last five years, Philippe Moons has also held the following offices and positions, which he no longer holds : Member of the Supervisory Board of GENFIT SA, as permanent representative of Finorpa ; Member of the Supervisory Board of Alzprotect, as permanent representative of Finorpa ; Member of the Executive Board of Fonds d'Amorçage Finovam ; Member of the Supervisory Board of Purifonction, as permanent representative of Finorpa ; Member of the Supervisory Board of Terra Nova, as permanent representative of Finorpa.	

*Mr. Philippe Moons was the representative of FINORPA to the Supervisory Board until the resignation of FINORPA and his subsequent appointment in his personal capacity to the Supervisory Board, decided by the latter in its meeting on July 16, 2015 and ratified by decision of the General Meeting of Shareholders on June 21, 2016.

14.1.2. Service agreements between the issuer and members of the Board of Directors

There are no service agreements between the members of the Board of Directors and the Company or its subsidiaries which provide for or grant any advantages.

14.1.3. Declarations concerning members of the Board of Directors and Executive Management

To the knowledge of the Company, and at the date of this Registration Document:

- there are no family relationships between the Board of Directors and the Executive Management of the Company over the last five years;
- no members of the Board of Directors were convicted of fraud over the last five years;
- no members of the Board of Directors were involved (in their capacity as an executive or a director) in bankruptcy, administration or liquidation proceedings over the last five years;
- no members of the Board of Directors have been prohibited from managing a company over the last five years; and
- no members of the Board of Directors have been held criminally liable or had official public sanctions imposed against them by a statutory or regulatory authority, including professional organizations.

14.1.4. Executive Committee

On December 8, 2016, the Company put in place an Executive Committee, a non statutory body that ensures the operational management of the Company through the activities and responsibilities of its members. This Committee ensures perfect coordination between the different scientific, strategic, financial and legal activities of the Company. The Committee is made up of the following people:

Chairman:	Jean-François Mouney, Chairman and CEO
Members:	Dean Hum, Chief Scientific Officer Nathalie Huitorel, Chief Financial and Administrative Officer Sophie Mégnien, Chief Medical Officer Jean-Christophe Marcoux, Chief Strategy Officer Laurent Lannoo, Corporate Secretary, Director of Legal Affairs

The biography of the Chairman and CEO can be found at section 14.1.1 – Board of Directors of this Registration Document.

Dean Hum earned a Ph.D. in Biochemistry from McGill University in Montreal in 1990. An expert in the modulation of transcription factors and nuclear receptors associated with endocrine and cardiometabolic diseases, he held a research position at the University of California in San Francisco before becoming a Professor at Laval University in Quebec. He joined Genfit in 2000 as Chief Scientific Officer. Dean Hum is today a key person in the organization of Genfit. In particular, he is responsible for defining, implementing, employing and coordinating short-, medium- and long-term strategies relating to R&D programs and portfolio. He coordinates all R&D activities with the CEO and in close collaboration with scientific officers and project managers. He is also a member of the Board of Directors of GENFIT CORP.

Nathalie Huitorel is a graduate of the SKEMA Business School (School of Management in Lille, France). For 10 years she was Chief Financial and Administrative Officer for MS COMPOSITES, a company specializing in high-performance composite materials. She took part in listing a subsidiary of the French company FINUCHEM on the Stock Exchange and has led numerous mergers and acquisitions. She was appointed Chief Financial and Administrative Officer at Genfit in October 2007 and member of its Executive Board until the change in administration and management on June 16, 2017. She oversees the financial, management controls, human resources departments and general services. She is also a member of the Board of Directors of GENFIT CORP, the Management Committee of Genfit Pharmaceuticals SAS and a member of the Board of Directors and Treasurer of the endowment fund created by Genfit end 2016, The NASH Education Program™.

Sophie Mégnien is an expert in the clinical development of cardiometabolic diseases (hypercholesterolemia, diabetes) and their vascular (atherosclerosis) and hepatic complications. After studying in several countries, including the United States, Sophie Mégnien obtained her degree in Medicine from the University of Paris VI. She completed her internship in the field of clinical trial monitoring. Since then, she has held a number of posts as Project Manager in the R&D departments of various international pharmaceutical companies such as Smithkline Beecham, Glaxo Wellcome and Bayer. After ten years as a Project Manager, Sophie Mégnien became a consultant in Quality Management and Procedures at Sunnikan Consulting before joining Naturalpha, a company specializing in the coordination of clinical projects in the cardiovascular, metabolic and nutrition fields. Sophie Mégnien is currently Chief Medical Officer at GENFIT.

Jean-Christophe Marcoux is an engineer, and graduated from INSA Lyon in France, having spent part of his time at the University of Leeds in England, and also holds a degree in Strategic Management and Economic Intelligence from EGE in France. For nearly 15 years, he led international projects and programs in a variety of industrial sectors, in particular in Europe and Asia, and with client and colleagues in the United States. In 2012, he joined IMS Health, now Quintiles IMS, the leading global information and technology services company providing clients in the healthcare industry, where he lead projects in healthcare systems: patient longitudinal studies, forecasting, targeting, profiling, prospective analyses, digital healthcare and innovation. He joined GENFIT at the end of 2015 to play a cross-disciplinary role regarding tactical, strategic and operational matters and was named Chief Strategy Officer at the end of 2016. He is also a member of the Board of Directors and Corporate Secretary of The NASH Education Program™, the endowment fund created by GENFIT at the end of 2016.

Laurent Lannoo graduated from Lille law school with a degree in Business Law (DESS Juriste d'Entreprise). He began his professional career at M&M, a consulting firm, in 1994, becoming partner in 1996. One of the consulting projects led him to join Eurasanté, the public agency for the economic development of healthcare activities in the Nord – Pas de Calais region of France in 1995, where he was in charge of finance and administration (20 employees). Thereafter, he was the Corporate Secretary of the Cœur et Artères foundation and chairman of its executive board from 2005 to 2008. In 2008, he joined GENFIT as Corporate Secretary and Director of Legal Affairs.

14.2. CONFLICTS OF INTEREST BETWEEN MEMBERS OF GOVERNING BODIES AND SENIOR MANAGEMENT

Certain members of the Board of Directors are directly or indirectly shareholders of the Company (see details in Section 17.3 – "Equity, share warrants, Founder's share warrants, stock options, and free shares granted to corporate officers").

At the date of this Registration Document, to the knowledge of the Group, no current or potential conflict of interest exists between the private interests of members of the Company's Board of Directors and the Company's interests.

It is specified that Mr. Jean-François Mouney, Chairman and Chief Executive Officer of the Company is also Chairman of the Management Committee of Biotech Avenir SAS of which he holds 17.1% of the share capital. Biotech Avenir held as of December 31, 2017, 6.06% of the capital and 10.79% of the voting rights of the Company.

To the knowledge of the Group, no other kind of understanding or agreement has been concluded with shareholders, clients, suppliers, etc. pursuant to which a member of the Company's Board of Directors has been appointed.

To the knowledge of the Group, as of the date of this Registration Document, no restriction has been accepted by the persons referred to in Section 14.1 –Members of this Registration Document concerning the sale of their interest in the Company.

15. REMUNERATION AND BENEFITS

15.1. REMUNERATION OF CORPORATE OFFICERS

15.1.1. Compensation of executive officers and officers before the change in mode of administration and management of the Company on June 16, 2017 (Executive Board members and independent members of the Supervisory Board)

Until the change in mode of administration and management of the Company on June 16, 2017, the compensation for the members of the Company's Executive Board (the executive officers) described below consisted of fixed compensation and an advantage in kind for the paid functions and duties that the exercised within the Company, potentially supplemented by:

- Variable annual compensation decided by the Supervisory Board for the fiscal year for their term as officer;
- Variable compensation for their employee functions as part of an Incentive Plan (see Section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)" of the Registration Document).

The members of the Executive Board also benefitted from redeemable share subscription warrants (BSAAR) in 2014 and from stock options and free shares, subject to internal and external performance conditions, in 2016.

Compensation and other advantages paid to non-executive officers, independent individuals on the Supervisory Committee, described below, consists of director's fees and also equity warrants (BSA) granted in 2014 and 2015.

15.1.2. Compensation and other advantages granted to executive officers and officers since the change in mode of administration and management of the Company on June 16, 2017 (Chairman and Chief Executive Officer and Independent Members of the Board of Directors)

Compensation and advantages of the Chairman and CEO

This section constitutes the report established pursuant to the provisions of Article L.225-37-2 of the French Commercial Code (Say on Pay Report "Sapin II") attached to the report referred to in Articles L225-100 and L225-102 intended to report on Genfit's results and business for the year ended December 31, 2017.

2017 Fiscal Year

In accordance with the "Say on Pay" Report adopted by the Shareholders' Meeting on June 16, 2017, the various component parts of the overall annual compensation of the Chairman and CEO for his duties within the Genfit group during the fiscal year ended December 31, 2017 were as follows:

- A short-term element made up of a fixed part paid by the Company and, by its wholly-owned subsidiary Genfit Corp. based in the United States,
- Medium-term incentives:

- The allocation of free shares and stock options subject to continued presence in the Company and internal performance conditions linked, in particular, to the progress of the Company's R&D programs and/or of external performance conditions linked to changes in the Company's stock market price;
- allocation of variable compensation under the Incentive Plan described in section 17.5- Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement) of this of this Registration Document, the aim of which is to engage the Company's senior executives and similar employees involved in the success of strategic and structural operations for the Company's development: collaboration agreements or licensing agreements for the rights to use the Companies programs and products (with a biopharmaceutical group), financing of R&D programs through a capital increase or alternative non-dilutive financing, or the backing of the Company by a biopharmaceutical group.

- other elements attached to the performance of his office, including:
  - severance pay in the event of cessation of his duties at the Company's initiative, at certain conditions, in particular performance conditions,
  - the benefit of membership of the French social security regime for company managers and executives (GSC) until September 30, 2017, and
  - a company car and the benefit of the health care and disability insurance coverage for the Group's employees.

▪ Fixed compensation

The Chairman and CEO's, through his executive officer contract (*contrat de mandate social*) received a gross fixed annual compensation of € 505,005 for the duties carried out within the Company and a gross fixed annual compensation of $ 43,400 for the performance of his office of Chairman of the Board of Directors of the company Genfit Corp (based in the United States and wholly owned by the Company).

▪ Variable compensation

For 2017, and as was the case for 2016 and 2015, all variable compensation linked to the performance of the Chairman and Chief Executive Officer is granted under the Incentive Plan, subject to the approval of the General Meeting to approve ex post this variable portion.

▪ Medium-term incentives :

– Incentive Plan: the Incentive Plan in force in the Company provides that the Chairman and CEO's incentive bonus can represent up to 40% of the sums to be allocated under the plan; these sums vary in accordance with the conditions for carrying out the strategic and structuring operations for the Company's development described in section 17.5-- Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement) , and which reflect the beneficiary's performance.

In this context, and subject to approval by the Shareholders' Meeting, the Chairman and CEO is eligible for a gross variable compensation of €566,074.

– Free shares and stock options: As part of its policy for allocating free shares and stock options, the Supervisory Board applies recommendation R18 of the Middlenext Corporate Governance Code of September 2016, namely:
  - The free shares and stock options allocated are subject to relevant performance conditions reflecting the medium- / long-term interest of the business assessed over a significant period of time;
  - Moreover, they are not concentrated among the corporate officers;
  - New free shares and stock options are not allocated when executives leave (for more information on the conditions under which these recommendations have been applied to the free share plans and stock

options set up by the Company in 2016 and 2017, see sections 15.1.4 - **Table n° 2: Summary table of remuneration allocated to each executive officer** and 15.1.8- **Table n° 6: free shares granted to each corporate officer during the fiscal year**of the Company's Registration Document).

In this regard, the Chairman and CEO was granted, for the year ended December 31, 2017, 17,000 stock options (the maximum presented in the Say on Pay Report and approved by the Shareholders' Meeting of June 16, 2017) and 3,000 free shares (the maximum presented in the Say on Pay Report and approved by the Shareholders' Meeting of June 16, 2017). The benefit of these shares and options is subject to continued presence in the Company and to the achievement of internal performance conditions linked, in particular, to the progress of the Company's R&D programs and/or of external performance conditions linked to changes in the Company's stock market price described in sections 15.1.4 - **Table n° 2: Summary table of remuneration allocated to each executive officer** and 15.1.8- **Table n° 6: free shares granted to each corporate officer during the fiscal year**of the Company's Registration Document)

- Other elements:

The benefits in kind granted to the Chairman and CEO are as follows: a company car and GSC unemployment insurance. For 2017, the company car represents a benefit in kind valued at € 5,843 and, for the period from January 1 – September 30, 2017, the GSC unemployment insurance represented a benefit in kind valued at € 12,892.

Finally, and as detailed in the 33rd resolution submitted to the vote of the general meeting of June 16, 2017, the Chairman and CEO benefits from a severance payment falling within the scope of Article L.225-90-1 of the French Commercial Code equal to six months' gross compensation, calculated on the basis of the last twelve months (excluding variable compensation associated with the implementation of the Incentive Plan) plus an additional payment of one month's gross compensation per year of service within the Company (calculated on the same bases). In accordance with Recommendation R16 of the Middlenext Corporate Governance Code, this payment is limited to two years' gross compensation (excluding variable compensations associated with the implementation of the Incentive Plan) paid for the last fiscal year and it would be paid if, and only if, one of the following three performance conditions is achieved at the time that his post is terminated:

- At least one collaboration agreement or licensing agreement for the rights to use the Company's programs and products is in force with a biopharmaceutical group, as defined in the Incentive Plan;
- At least two of the Company's products are in the clinical development phase;
- The Company has changed control as part of the backing by a biopharmaceutical group, as defined in the Incentive Plan, in the two months prior to the time that his post is terminated.

As of this Registration Document, none of these conditions has been fulfilled.

The Chairman and CEO is not be subject to a non-compete clause.

2018 Fiscal Year

As part of determining the overall compensation of the corporate officers for 2018, the Board of Directors takes into account the following principles, in accordance with recommendation R13 of the Middlenext Corporate Governance Code of September 2016:

- Comprehensiveness: setting of the corporate executive officers' compensation must be comprehensive: fixed part, variable part (bonus), stock options, free shares, attendance fees, pension terms and special benefits must be agreed in the overall assessment of the compensation.
- Balance between the elements of the compensation: each element of the compensation must be justified and be in the company's general interest.
- Benchmark: this compensation must be assessed, as far as possible, in the context of a job and the benchmark market and be proportionate to the company's situation, whilst paying attention to its inflationary effect.

- Consistency: the determining of a corporate executive officer's compensation must be consistent with that of the company's other executives and employees.
- Readability of the rules: the rules must be simple and transparent; the performance criteria used to establish the variable part of the compensation or, where applicable, for the allocation of options or free shares must be in line with the company's performance, correspond to its objectives, be challenging, explainable and, as far as possible, long-term. They must be detailed without, however, jeopardizing the confidentiality which may be justified for certain elements.
- Measurement: the determining of the compensation and the allocations of options or free shares must achieve the right balance and take account of the company's general interest, market practices and the executives' performances.
- Transparency: the annual provision of information to "shareholders" regarding all of the compensations and benefits received by the executives is done in accordance with the applicable regulations.

The Board of Directors, pursuant to Article L.225-47 of the French Commercial Code, determines the compensation of the Chairman and Chief Executive Officer. This compensation is determined on the proposal of the Nominations and Compensation Committee taking into account the following criteria: level and difficulty of responsibilities, experience in the function, seniority and practices identified in groups or companies of comparable size internationally, functions exercised in Group subsidiaries.

The different components of the overall yearly compensation of the Chairman and CEO for his duties with the Genfit group would be the following:

- A short-term element made up of a fixed part paid by the Company and, if applicable, by the subsidiaries in which he carries out duties (currently within the subsidiary Genfit Corp. based in the United States, wholly owned by the Company) and a possible annual variable part,
- Medium-term incentives through:
    - The allocation of free shares and stock options subject to continued presence in the Company and internal performance conditions linked, in particular, to the progress of the Company's R&D programs and/or of external performance conditions linked to changes in the Company's stock market price;
    - The possible allocation of variable compensation under the Incentive Plan described in section 17.5- - Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement) of this Registration Document, the aim of which is to engage the Company's senior executives and similar employees involved in the success of strategic and structural operations for the Company's development: collaboration agreements or licensing agreements for the rights to use the Companies programs and products (with a biopharmaceutical group), financing of R&D programs through a capital increase or alternative non-dilutive financing, or the backing of the Company by a biopharmaceutical group.
- other elements attached to the performance of his office, including:
    - severance pay in the event of cessation of his duties at the Company's initiative, at certain conditions, in particular performance conditions,
    - a company car and the benefit of the health care and disability insurance coverage for the Group's employees.

Among these elements, only the fixed component of the remuneration would evolve compared to what it was for the 2017 financial year. The other variable and exceptional items would remain unchanged compared to the 2017 financial year. It would be the same for the other advantages; except that the Chairman and Chief Executive Officer will no longer benefit from GSC unemployment insurance.

- Fixed compensation

As in 2017, the fixed compensation of the Chairman and Chief Executive Officer would be reviewed only at relatively long time intervals, excluding the overall salary review applied to all Company employees and except for exceptional events. As the Say on Pay Report approved by the Shareholders' Meeting of June 16, 2017 provided for the possibility, the fixed remuneration was increased in proportion to the overall salary revision applied to all the Company's employees, i.e, 5.8%.

The Chairman and Chief Executive Officer would thus have, within the framework of a corporate mandate contract, a gross annual fixed compensation of € 534,295 for the duties performed within the Company and a gross annual fixed compensation of $ 45,917 in the exercise of his mandate as Chairman of the Board of Directors of Genfit Corp.

- Variable compensation

The variable compensation paid for a financial year will be decided by the Board of Directors, pursuant to Article L.225-47 of the French Commercial Code, on the proposal of the Nominations and Compensation Committee and granted to the Chairman and Chief Executive Officer; for his management of the company, and on occasion of the closing of the accounts for that financial year. For 2018, and as was the case for 2017, 2016 and 2015, all of the performance-related compensation of the Chairman and Chief Executive Officer falls within the framework of the Incentive Plan in effect in the Company, subject to the approval of the General Meeting to approve ex post this variable portion.

- Medium-term incentives :

  - Incentive Plan: the Incentive Plan in force in the Company provides that the Chairman and CEO's incentive bonus can represent up to 40% of the sums to be allocated under the plan; these sums vary in accordance with the conditions for carrying out the strategic and structuring operations for the Company's development described above and which reflect the beneficiary's performance.

  - Free shares and stock options: As part of its policy for allocating free shares and stock options, the Supervisory Board applies recommendation R18 of the Middlenext Corporate Governance Code of September 2016, namely:

    - The free shares and stock options allocated are subject to relevant performance conditions reflecting the medium- / long-term interest of the business assessed over a significant period of time;

    - Moreover, they are not concentrated among the corporate officers;

    - New free shares and stock options are not allocated when executives leave (for more information on the conditions under which these recommendations have been applied to the free share plans and stock options set up by the Company in 2016 and 2017, see sections 15.1.4 - **Table n° 2: Summary table of remuneration allocated to each executive officer** and 15.1.8- **Table n° 6: free shares granted to each corporate officer during the fiscal year**of the Company's Registration Document).

In this regard, the Chairman and CEO would be eligible for a maximum of 17,000 stock options and a maximum of 3,000 free shares for the 2018 fiscal year, representing in total a maximum of 0.05% of the shares making up the Company's capital at the date of this Registration Document (on a non-diluted basis). The benefit of these shares and options would be subject to continued presence in the Company and to the achievement of internal performance conditions linked, in particular, to the progress of the Company's R&D programs and/or of external performance conditions linked to changes in the Company's stock market price similar to those in force in the free share plans and stock options set up by the Company in 2017.

- Other elements:

The benefits in kind granted to the Chairman and CEO would be: a company car a valued at € 5,843.

Finally, in line with what was decided by the shareholders' meeting of June 16, 2017, the Chairman and CEO would continue to benefit from a severance payment falling within the scope of Article L.225-90-1 of the French Commercial Code equal to six months' gross compensation, calculated on the basis of the last twelve months (excluding variable compensation associated with the implementation of the Incentive Plan) plus an additional payment of one month's gross compensation per year of service within the Company (calculated on the same bases). In accordance with Recommendation R16 of the Middlenext Corporate Governance Code, this payment is limited to two years' gross compensation (excluding variable compensations associated with the implementation of the Incentive Plan) paid for the last fiscal year and it would be paid if, and only if, one of the following three performance conditions is achieved at the time that his post is terminated:

- At least one collaboration agreement or licensing agreement for the rights to use the Company's programs and products is in force with a biopharmaceutical group, as defined in the Incentive Plan;
- At least two of the Company's products are in the clinical development phase;
- The Company has changed control as part of the backing by a biopharmaceutical group, as defined in the Incentive Plan, in the two months prior to the time that his post is terminated.

The Chairman and CEO is not be subject to a non-compete clause.

Compensation and benefits of non-executive corporate officers

The compensation of the non-executive corporate officers, the independent individuals of the Board of Directors described below, consists of attendance fees awarded annually. They also benefit from share warrants (BSA).

Tables 1, 2, and 3 below show the compensation owed to executive officers and non-executive corporate officers for the fiscal years closed on December 31, 2017 and 2016 and the compensation received by these same individuals during these same fiscal years.

Tables 4 and 6 show the equity linked instruments and free shares allocated to each executive officer or non-executive officer, during the 2017 fiscal year.

Table 8 shows the allocation history for equity incentives by the Company to current executive officers and non-executive officers of the Company.

Table 10 summarizes the previous grants of free shares to the current executive officers and non-executive officers of the Company.

Lastly, table no. 11 provides additional information on terms for compensation and other advantages granted to the Chairman and Chief Executive Officer since the change in mode of administration and management which occurred on June 16, 2017.

Tables 5 and 7 recommended by the AMF for transparency of compensation for corporate officers do not apply.

15.1.3. Table n° 1: Summary table of remuneration, options and shares allocated to each executive officer

The following table summarizes the compensation, options and shares granted to each executive officer for the last two fiscal years:

Summary table of compensation (1) and options and shares granted to each executive officer		
	Year ended December 31, 2016	Year ended December 31, 2017
Jean-François MOUNEY - Chairman of the Executive Board		
Compensation due for the financial year	1 323 064 €	1 470 563 €
IFRS 2 valuation of options granted during the financial year	57 620 €	35 944 €
IFRS 2 valuation of free shares granted during the financial year	29 526 €	14 939 €
TOTAL	**1 410 210 €**	**1 521 446 €**
Nathalie HUITOREL - Member of the Executive Board		
Compensation due for the half financial year	353 236 €	157 863 €
IFRS 2 valuation of options granted during the financial year	57 620 €	- €
IFRS 2 valuation of free shares granted during the financial year	28 449 €	- €
TOTAL	**439 305 €**	**157 863 €**
Dean HUM - Member of the Executive Board		
Compensation due for the half financial year	710 717 €	217 121 €
IFRS 2 valuation of options granted during the financial year	57 620 €	- €
IFRS 2 valuation of free shares granted during the financial year	26 694 €	- €
TOTAL	**795 031 €**	**217 121 €**

(1) Gross amount.

15.1.4. Table n° 2: Summary table of remuneration allocated to each executive officer

The following table summarizes the remunerations due to the executive officers for the fiscal years ended December 31, 2017 and 2016 and the remuneration received by these same officers during such fiscal years.

Summary table of compensation (1) for each executive officer				
	Year ended December 31, 2016		Year ended December 31, 2017	
	Amount due	Amount paid	Amount due	Amount paid
Jean-François MOUNEY - Chairman of the Executive Board				
Fixed annual compensation	561 265 €	543 573 €	558 857 €	558 857 €
Variable compensation (2)	739 418 €	662 186 €	566 074 €	
Exceptional compensation			326 897 €	326 897 €
Board attendance fees				
Benefits in kind	22 381 €	22 381 €	18 735 €	18 735 €
TOTAL	**1 323 064 €**	**1 228 140 €**	1 470 563 €	**904 489 €**
	Exercice clos le 31 décembre 2016		Half year 2017	
	Amount due	Amount paid	Amount due	Amount paid
Nathalie HUITOREL - member of the Executive Board until 06/16/2017				
Fixed annual compensation	153 038 €	148 310 €	78 324 €	77 776 €
Variable compensation (2)	191 702 €	118 607 €	77 459 €	
Exceptional compensation	5 128 €	5 128 €		
Board attendance fees				
Benefits in kind	3 368 €	3 368 €	2 080 €	2 080 €
TOTAL	**353 236 €**	**275 414 €**	**157 863 €**	**79 856 €**
Dean HUM - member of the Executive Board until 06/16/2017				
Fixed annual compensation	257 502 €	248 656 €	135 393 €	134 977 €
Variable compensation (2)	447 740 €	377 042 €	79 679 €	3 572 €
Exceptional compensation	1 979 €	1 979 €		
Board attendance fees				
Benefits in kind	3 497 €	3 497 €	2 048 €	2 048 €
TOTAL	**710 717 €**	**631 174 €**	**217 120 €**	**140 597 €**

(1) Gross amounts.
(2) Due to the periodicity of the compensation under the Incentive Plan over the two years presented, these amounts were qualified as variable compensation

On October 1, 2017, the Chairman and Chief Executive Officer exercised his pension rights as a salaried employee. As a result, the exceptional compensation paid to him in 2017 consists of the following:

- Conventional retirement indemnity: € 217 thousand;
- Paid leave indemnity: €39 thousand;
- Liquidation of the Time Savings Account by transfer of a sum of €16 thousand on a PERCO and payment of €61 thousand.

The fixed compensation paid in 2017 consists of the following elements:

- Annual compensation of €505,005
- Half 13th month of 2016 and paid in January 2017: €17,693
- Director fees Genfit Corp: € 36,159

The variable compensation due to him in 2017 represents the amount for which a provision of €566 thousand has been recorded for the application of the Incentive Plan (for more information on this Plan, see 17.5 - "Profit and participation agreements" of this Registration Document).The payment of this amount of €566 thousand will be made only after approval of the Shareholders' Meeting called to vote on the financial statements for the year ended December 31, 2017. The variable compensation due and paid for 2016 corresponds mainly to the implementation of the Incentive Plan.

The benefits in kind correspond to a vehicle for each of the executive officers and for the Chairman and Chief Executive Officer, a GSC unemployment insurance (limited to the period from January 1, 2017 to September 30, 2017 for the financial year ended December 31, 2017.

The amount received by Dean Hum and Nathalie Huitorel for the Director Fees paid by GENFIT CORP in the first half of 2017 was € 6,549 and € 7,132, respectively.

Regarding the variable compensation, see the description of the incentive plan described in section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)" of this Registration Document.

The difference between the amounts paid and the amounts due shown in the table above for members of the Executive Board in 2016 and the first half of 2017 is related to the impact of Time Savings Accounts. Neither Dean Hum nor Nathalie Huitorel received any compensation in relation to the ending of their corporate mandates. The equity incentive plans they had received as executive officers have not been modified.

15.1.5. Table n° 3: Table of attendance fees and other remuneration received by non-executive officers

The following table summarizes the different components of the compensation of each non-executive director for the last two fiscal years:

Attendance fees and other forms of remuneration payable to each of the non executive officer (In euros)	Amounts due* During the year 2016	Amounts paid* During the year 2016	Amounts due* During the year 2017 (4)	Amounts paid* During the year 2017 (4)
Jean-François MOUNEY (1)	-	-		
Attendance fees	-	-		
Other remuneration (outside compensation as CEO)	-	-		
Total	-	-		
Xavier GUILLE DES BUTTES				
Attendance fees	26 465 €	26 465 €	30 218 €	24 688 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**26 465 €**	**26 465 €**	**30 218 €**	**24 688 €**
Charles WOLER (2)				
Attendance fees	10 270 €	10 270 €	5 925 €	5 925 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**10 270 €**	**10 270 €**	**5 925 €**	**5 925 €**
Frédéric DESDOUITS				
Attendance fees	15 010 €	15 010 €	13 627 €	11 258 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**15 010 €**	**15 010 €**	**13 627 €**	**11 258 €**
BIOTECH AVENIR				
Represented by Florence Séjourné				
Attendance fees	0 €	0 €	0 €	0 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**0 €**	**0 €**	**0 €**	**0 €**
Philippe MOONS				
Attendance fees	11 850 €	11 850 €	18 763 €	14 023 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**11 850 €**	**11 850 €**	**18 763 €**	**14 023 €**
Anne-Hélène MONSELLATO (3)				
Attendance fees	-	-	14 813 €	10 468 €
Other remuneration	-	-	0 €	0 €
Total	-	-	**14 813 €**	**10 468 €**
Catherine LARUE (3)				
Attendance fees	-	-	11 258 €	8 098 €
Other remuneration	-	-	0 €	0 €
Total	-	-	**11 258 €**	**8 098 €**
TOTAL	**63 595 €**	**63 595 €**	**94 602 €**	**74 458 €**

* After applying a required 21% withholding
(1) Jean-François MOUNEY joined the Board of Directors on June 16, 2017 as Chairman.
(2) Since the Shareholders' Meeting on June 16, 2017, Charles WOLER is no longer a board member.
(3) Anne-Hélène MONSELLATO and Catherine LARUE were appointed to the Board of Directors by the shareholders at the June 16, 2017 Shareholders' Meeting.
(4) The remuneration received by Xavier GUILLE DES BUTTES, Frédéric DESDOUITS, Biotech Avenir and Philippe MOONS until June 16, 2017 was in their capacities as members of the Supervisory Board.

The portion of the directors' fees granted based on actual attendance of directors at meetings of the Board of Directors and meetings of the specialized committees of the Board of Directors is paid quarterly on the 15th of the following month.

15.1.6. Table n° 4: instruments giving access to capital allocated to each officer during the fiscal year

On November 21, 2017, the Board of Directors, after having consulted with and obtained the favorable opinions of the Compensation and Nomination Committee of the Company, decided to grant stock options (SO) to the Chairman and CEO of the Company in accordance with the delegation of authority granted by the Extraordinary Shareholders' Meeting of June 16, 2017. This allocation is part of the implementation of several equity compensation instruments for the benefit of employees of the Group (see section 17.4 – "Employee shareholding" of this Registration Document). Unlike the BSAAR historically granted, and BSA, the stock options are subject to a number of conditions, including internal performance conditions related to the Company's operational objectives for clinical development, and conditions related to the share price performance of the Company (see in particular note 6.19.5 – "Performance conditions" of the notes to the consolidated financial statements for the year ended December 31, 2017 presented in Appendix 1 of this Registration Document). These conditions are assessed over a period of three years and reflect the Company's mid-term objectives.

Furthermore, after consultation and favorable opinion of the Nominations and Compensation Committee of the Company, the Board of Directors decided on the same date to grant share warrants (BSA) to its independent members, in accordance with the delegation granted by the Extraordinary Shareholders' Meeting of June 16, 2017.

The following tables summarize the stock options (SO) and share warrants (BSA) granted during the financial year to each corporate officer at the date of this Registration Document.

At the date of this Reference Document, none of these stock options nor BSA have been exercised.

Stock options granted to the Chief Executive Officer during the financial year							
	Date of the Board of Director's meeting	Plan Name/N°	Nature of the options	Valuation of the options (1)	Number of options granted during the financial year	Exercise Price	Term of exercise
Jean-François Mouney	11/21/2017	SO 2017-1	Subscription	23 962,67 €	11 333	€17.91	01/01/2021-01/01/2027 (2)
	11/21/2017	SO 2017-2	Subscription	11 981,33 €	5 667	€17.91	01/01/2021-01/01/2027 (3)

(1) According to the method used for consolidated financial statements (IFRS 2).

The Chairman and CEO must hold at least 10% of the shares resulting from the exercise of the options as registered shares, above and beyond the holding period, and until he is no longer a corporate officer.

Share warrants granted to members of the Board of Directors							
	Date of the Board of Director's meeting	Plan Name/N°	Nature of the options	Valuation of the options (1)	Number of options granted during the financial year	Exercise Price	Term of exercise
Xavier Guille des Buttes	11/21/2017	BSA 2017-A	Subscription	9 450,00 €	2 500	2,00 €	07/01/2018-06/30/2022
	11/21/2017	BSA 2017-B	Subscription	9 525,00 €	2 500	2,00 €	07/16/2018-07/15/2022
Anne-Hélène Monsellato	11/21/2017	BSA 2017-A	Subscription	9 450,00 €	2 500	2,00 €	07/01/2018-06/30/2022
	11/21/2017	BSA 2017-B	Subscription	9 525,00 €	2 500	2,00 €	07/16/2018-07/15/2022
Frédéric Desdouits	11/21/2017	BSA 2017-A	Subscription	9 450,00 €	2 500	2,00 €	07/01/2018-06/30/2022
	11/21/2017	BSA 2017-B	Subscription	9 525,00 €	2 500	2,00 €	07/16/2018-07/15/2022
Catherine Larue	11/21/2017	BSA 2017-A	Subscription	9 450,00 €	2 500	2,00 €	07/01/2018-06/30/2022
	11/21/2017	BSA 2017-B	Subscription	9 525,00 €	2 500	2,00 €	07/16/2018-07/15/2022
Philippe Moons	11/21/2017	BSA 2017-A	Subscription	9 450,00 €	2 500	2,00 €	07/01/2018-06/30/2022
	11/21/2017	BSA 2017-B	Subscription	9 525,00 €	2 500	2,00 €	07/16/2018-07/15/2022

(1) According to the method used for consolidated financial statements (IFRS 2).

15.1.7. Table n° 5: stock options exercised during the fiscal year by each executive officer

Table n° 5 recommended by the AMF regarding transparency of the compensation of corporate officers is not applicable since no stock options were exercised during the fiscal year.

15.1.8. Table n° 6: free shares granted to each corporate officer during the fiscal year

On November 21, 2017, the Board of Directors, after having consulted with and obtained the favorable opinions of the Compensation and Nomination Committee of the Company, decided to grant, decided to grant free shares to the Chairman and Chief Executive Officer in accordance with the delegation of authority granted by the Extraordinary Shareholders' Meeting of June 16, 2017. This grant is part of the implementation of several equity compensation instruments for the benefit of employees of the Group (see section 17.4 – "Employee shareholding" of this Registration Document). The free shares are subject to a number of conditions, including internal performance conditions related to the Company's operational objectives for clinical development, and conditions related to the share price performance of the Company (see in particular note 6.19.5 – "Performance conditions" of the notes to the consolidated financial statements for the year ended December 31, 2017 presented in Appendix 1 of this Registration Document). These conditions are assessed over a period of three years and reflect the Company's mid-term objectives.

The change in the Company's governance mentioned in chapter 14 – "Administrative, management and supervisory bodies and senior management" and which should result from the decision of the Combined Shareholders Meeting on June 16, 2017 will not itself have an impact on the definitive vesting of the free shares on their beneficiaries at the end of the three year vesting period (subject to exercise conditions described below being satisfied at such date).

The following table summarizes the free shares granted during the financial year to each corporate officer at the date of this Registration Document.

At the date of this Reference Document, none of these free shares have vested.

Free shares awarded to the Chief Executive Officer during the financial year					
	N° and date of plan	Number of free shares awarded during the financial year	Valuation of shares (1)	Vesting date	Availability date
Jean-François Mouney	AGA D 2016-1	2 000	9 959,67 €	01/01/2020	01/01/2021 (2)
	AGA D 2016-2	1 000	4 979,83 €	01/01/2021	01/01/2021

(1)
According to the method used for consolidated financial statements (IFRS 2).

(2)
The vesting date varies depending on having met the performance conditions and continued employment with the Company. Subject to meeting the performance conditions and continued employment with the Company, the AGA D 2016-1 may be vested, in full or in part, definitively on December 16, 2018, with a one year holding period, or on December 16, 2019, without a holding period.

The Chairman and Chief Executive Officer must hold at least 10% of the shares after vesting as registered shares, above and beyond the holding period, and until he is no longer a corporate officer.

15.1.9. Table n° 7: free shares definitively vested for each corporate officer

Table n°7 recommended by the AMF regarding transparency of compensation for corporate officers is not applicable because none of the free shares have definitively vested.

15.1.10. Table n° 8: history of equity-linked instruments allocated by the Company to officers

The following tables summarize the history of allocation of equity linked instruments allocated by the Company to the current executive officer and non-executive corporate officers and still in place at the date of this Registration Document.

In 2014, Genfit established a BSAAR (warrant) plan for the Company's directors and employees, including in particular the current Chairman and CEO (and the two other members of the Executive Board of the Company who were corporate officers at the time of their subscription). Exercise of the BSAAR is subject to the effective presence of the beneficiary in the Company or one of its French or foreign subsidiaries as an employee, officer, or through a consulting agreement at the date of receipt of the exercise request accompanied by the payment of the exercise price.

The change in the Company's governance on June 16, 2017 does not itself have an impact on the rights of the beneficiaries of the BSAAR to exercise such instruments, subject to meeting the condition of continued employment/presence at the Company described above at the date of such exercise.

Historical awards of BSAAR Information on the Redeemable Share Warrants (BSAAR) granted to the CEO			
	BSAAR 2014 A	BSAAR 2014 B	BSAAR 2014 C
Date of shareholders' meeting	04/02/14	04/02/14	04/02/14
Date of Executive Board	09/15/14	09/15/14	09/15/14
Exercice conditions	1 warrant / 1.03 shares Exercisable in tranches of 1/3 of the BSAAR owned by the beneficiary		
Subscription period	From 09/19/2014 to 10/15/2014	From 05/07/2014 to 05/29/2015	From 07/06/2015 to 07/31/2015
Number of shares to be subscribed by the CEO	3 212	6 424	18 711
Starting date of exercise of BSAAR	09/15/2015	09/15/2015	09/15/2015
BSAAR expiration date	09/15/2018	05/04/2019	07/01/2019
Issue price	€5.61	€5.61	€5.61
Exercise price	€23.50	€23.50	€23.50
Shares subscribed at the date of this Registration Document	0	0	0
BSAAR cancelled or lapsed	0	0	0
BSAAR remaining at the date of this Registration Document	3 118	6 237	6 237

As of this Registration Document, no BSAAR have been exercised by corporate officers.

In 2016 and 2017, GENFIT put in place several stock option plans (SO) for the benefit of Company officers and employees, including the current Chairman and Chief Executive Officer (and, in 2016, the two other members of the Executive Board) who were corporate officers at the time of their subscription). The exercise of the options is conditional on the actual presence within the Company or one of its French and foreign subsidiaries as an employee or corporate officer on the date of receipt of the exercise request accompanied by payment of the exercise price. It is also conditional on the achievement of internal performance conditions related to the Company's clinical development operational objectives and external performance conditions related to the evolution of the GENFIT share price (see in particular note 6.19. 5 of the notes to the consolidated financial statements for the year ended December 31, 2017 in Appendix 1 of this Registration Document). These conditions are assessed over a period of three years and reflect the interest of the Company in the medium term.

The change in the Company's governance on June 16, 2017 does not itself have an impact on the rights of the beneficiaries of the BSAAR to exercise such instruments, subject to meeting the condition of continued employment/presence at the Company described above at the date of such exercise.

History of stock option awards Information on the stock options awarded to the CEO				
	SO 2016-1	SO 2016-2	SO 2017-1	SO 2017-2
Date of Shareholders' Meeting	06/21/16	06/21/16	06/16/17	06/16/17
Date of Executive Board/Board of Directors	12/15/16	12/15/16	11/21/17	11/21/17
Exercise conditions	(1) (2)	(1) (2)	(1) (2)	(1) (2)
Number of shares to be subscribed	6 667	3 333	11 333	5 667
Stock option first exercise date	12/16/2019 (3)	12/16/2019 (3)	01/01/2021 (3)	01/01/2021 (3)
Stock option expiration date	12/16/26	12/16/26	01/01/27	01/01/27
Exercise price(4)	15,79 €	15,79 €	17,91 €	17,91 €
Number of shares subscribed as of the Registration Document	0	0	0	0
Stock options voided or lapsed	0	0	0	0
Options restant à la date du présent Stock options outstanding as of the Registration Document	6 667	3 333	11 333	5 667

(1)
1 option/ 1 share ; Exerciseable by 1/3 of the number of options held by each beneficiairy.

(2)
Performance conditions described in note 6.19.5 of the notes ot the consolidated financial statements for the year ended December 31, 2017 provided in Appendix 1 of this Registration Document.

(3)
Subject to continued presence at the Company and performance conditions.

(4)
The exercise price was set at 80% of the volume weighted average price of the 20 trading days prior to the grant date.

As of this Registration Document, no SO have been exercised by corporate officers.

Finally, in 2014, 2015 and 2017, Genfit put in place three BSA plans, for certain non-executive corporate officers, some of whom are independent individual members of the Board of Directors of the Company.

History of granting of equity instruments Information on BSA granted to non mangement officers (Independent members of the Board of Directors)						
	BSA 2014 A	**BSA 2014 B**	**BSA 2015 A**	**BSA 2015 B**	**BSA 2017 A**	**BSA 2017 B (2)**
Date of shareholders' meeting	04/02/2014	04/02/2014	04/02/2014	04/02/2014	06/16/2017	06/16/2017
Date of Executive Board/Board of Directors	07/24/2014	07/24/2014	01/09/2015	01/09/2015	11/21/2017	11/21/2017
Exercise conditions	1 warrant / 1.03 shares				1 warrant / 1 share	
	Exerciseable by tranches of a minimum of 2,000 warrants, or a multiple thereof, except for remaining balance					
Subscription periods	From 08/01/2014 to 09/15/2014	From 01/02/2015 to 02/15/2015	From 01/20/2015 to 02/25/2015	From 07/01/2015 to 09/15/2015	From 12/11/2017 to 12/26/2017	From 12/11/2017 to 12/26/2017
Shares available for subscription by non executive	14 451	14 451	7 225	7 225	12 500	12 500
- by Xavier Guille des Buttes	14 451	14 451	-	-	2 500	2 500
- by Frédéric Desdouits	-	-	7 225	7 225	2 500	2 500
- by Anne-Hélène Monsellato	-	-	-	-	2 500	2 500
- by Catherine Larue	-	-	-	-	2 500	2 500
- by Philippe Moons	-	-	-	-	2 500	2 500
Start of exercise of BSA	11/01/2014	03/01/2015	06/01/2015	12/01/2015	07/01/2018	07/16/2018
Expiration date of BSA	09/30/2018	02/28/2019	05/31/2019	11/30/2019	06/30/2022	07/15/2022
Issuance price	0,01 €	0,01 €	0,01 €	0,01 €	2,00 €	2,00 €
Exercise price	23,50 €	23,50 €	35,95 €	35,95 €	19,97 €	19,97 €
Shares subscribed at the date of this Registration Document	0	0	0	0	0	0
Warrants cancelled or void	0	0	0	0	0	12 500
Warrants remaining at the date of this Registration Document	24 087 (1)	24 087 (1)	7 225	7 225	2 500	0 (2)

(1)
of which 9,925 BSA belonging to Charles Woler, who is no longer a board member following the Shareholders' Meeting on June 16, 2017, but retained the benefit of the BSA subscribed.

(2)
The BSA 2017 B were granted but will only be subscribed after 07/16/2018.

As of this Registration Document, no BSA have been exercised by corporate officers.

15.1.11. Table n° 9: stock options granted to the first ten employees (excluding officers) and options exercised by such persons

Stock otions granted to the top ten employees (not including corporate officers) and options exercised by such persons(1)				
	Total number of stock options granted/shares subscribed or purchased	Average weighted price	SO 2017-1	SO 2017-2
BSAAR and stock options granted, during the period, to the 10 employees having the most options	73 500	21,72 €	48 998	24 502
Options held and exercised during the period by the 10 employees	0	–	–	–

For the conditions and terms of the stock options plans, see section 17.4 – "Employee shareholding" of this Registration Document.

15.1.12. Table n° 10: history of free share allocations

In 2016 and 2017, GENFIT put in place several free share (AGA) plans for the benefit of Company officers and employees, including the current Chairman and Chief Executive Officer (and, in 2016, the two other members of the Executive Board) who were corporate officers at the time of their subscription). The definitive vesting of the AGA is conditional on the actual presence within the Company or one of its French and foreign subsidiaries as an employee or corporate officer. It is also conditional on the achievement of internal performance conditions related to the Company's clinical development operational objectives and external performance conditions related to the evolution of the GENFIT share price (see in particular note 6.19. 5 of the notes to the consolidated financial statements for the year ended December 31, 2017 in Appendix 1 of this Registration Document). These conditions are assessed over a period of three years and reflect the interest of the Company in the medium term.

The change in the Company's governance on June 16, 2017 does not itself have an impact on the rights of the beneficiaries of the AGA to vesting, subject to meeting the condition of continued employment/presence at the Company described above at the date of definitive vesting.

History of free share allocations
Information on free shares allocated to the CEO

	AGA D 2016-1	AGA D 2016-2	AGA D 2017-1	AGA D 2017-2
Date of Shareholders' Meeting	06/21/16	06/21/16	06/16/17	06/16/17
Date of Executive Board/Board of Directors	12/15/16	12/15/16	11/21/17	11/21/17
Vesting conditions	(1)	(1)	(1)	(1)
Number of free shares allocated	0	0	0	0
Vesting date	12/16/2019(2)	12/16/2019(3)	01/01/2021 (3)	01/01/2021 (3)
Stock price on allocation date	20.79	20.79	17.91	17.91
Free shares vested as of the Registration Document	0	0	0	0

(1)
Performance conditions described in note 6.19.5 of the notes ot the consolidated financial statements for the year ended December 31, 2017 provided in Appendix 1 of this Registration Document.

(2)
The vesting date depends on meeting performance conditions and continued presence at the Company. Subject to meeting performance conditions and continued presence at the Company, the AGA D 2016-1 could be definitively vested in whole or part on 12/16/2018, with a one year holding periood, or on 12/16/2019 without a holding condition.

(3)
Subject to meeting performance conditions and continued presence at the Company.

As of this Registration Document, no AGA have been definitively vested for any corporate officers.

15.1.13. Table n° 11: additional information on terms for compensation and other advantages granted to executive officers

The following table provides additional information on the terms of compensation and other advantages granted in 2017 to the executive officer at the date of this Registration Document:

Executive officers	Employment Contract		Supplementary Pension Benefit Plan		Compensation or benefits due or likely to be due in respect of the termination or change in position		Non-compete indemnity	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-François Mouney **Chairman of the Board of Directors and CEO** Date of 1st appointment: 09/15/1999 Term of office: Shareholders' Meeting called to vote on the financial statements for the year ended 12/31/2021		X (1)		X	X (2)			X

*(1) Following the approval of the shareholders of the Company of the change in type of administration at the General Meeting on June 16, 2017, Jean-François MOUNEY's employment contract was terminated and replaced with a corporate officer contract (*contrat de mandat social*) as Chairman and Chief Executive Officer.*

(2) Jean-François MOUNEY is entitled to a severance payment falling within the scope of Article L.225-90-1 of the French Commercial Code equal to six months' gross compensation, calculated on the basis of the last twelve months (excluding exceptional compensation associated with the implementation of the Incentive Plan) plus an additional payment of one month's gross compensation per year of service within the Company (calculated on the same bases). At the end of 2017, this undertaking (gross + employer social charges) amounts to € 1 260 thousands. In accordance with Recommendation R16 of the Middlenext Corporate Governance Code, this payment is limited to two years' gross compensation (excluding exceptional compensation associated with the implementation of the Incentive Plan) paid for the last fiscal year and it is paid if, and only if, one of the following three performance conditions is achieved at the time that his post is terminated:

- *At least one collaboration agreement or licensing agreement for the rights to use the Company's programs and products is in force with a biopharmaceutical group, as defined in the Incentive Plan;*
- *At least two of the Company's products are in the clinical development phase;*
- *The Company has changed control as part of the backing by a biopharmaceutical group, as defined in the Incentive Plan, in the two months prior to the time that his post is terminated.*

This severance was approved by the shareholders at the June 16, 2017 Shareholders' Meeting both under the "TEPA" law (article L.225-42-1 or L.225-90-1 of the French Commercial Code, as the case may be) and the "Sapin II" law (article L.225-37-2 or L.225-82-2 of the Commercial Code, as the case may be).

15.2. AMOUNTS SET ASIDE BY THE COMPANY FOR PENSIONS, RETIREMENT AND OTHER BENFITS FOR CORPORATE OFFICERS

The Company has not set aside any provisions for pensions, retirement or other benefits for executive officers.

15.3. SUMMARY TABLE OF SHAREHOLDING OF MEMBERS OF BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

The shareholding of the executive and non-executive officers is as follows as of the date of this Registration Document:

Executives and officers	Number of shares	% share capital	Number of shares resulting from potential exercise of BSAAR and options and vesting of free shares	Number of shares resulting from potential exercice of BSA (warrants)	% total after potential exercise of BSSAR, optons, BSA and vesting of free shares (diluted basis other than conversion of OCEANE)
Jean-François Mouney(1)(3)	11 266	0,04%	48 802	NA	0,19%
Xavier Guille des Buttes(3)	1 072	0,00%	NA	31 402	0,10%
Frédéric Desdouits	111	0,00%	NA	16 951	0,05%
Philippe Moons	310	0,00%	NA	2 500	0,00%
Biotech Avenir (1)(3)	1 888 482	6,06%	NA	NA	5,97%
Catherine Larue	-	-	NA	2 500	0,01%
Anne-Hélène Monsellato	-	-	NA	2 500	0,01%
Florence Séjourné (2)	-	-	NA	NA	-

(1)
Jean-François Mouney holds 17.1% of Biotech Avenir, while Florence Séjourné holds 9.9%, and 13 GENFIT employees together hold 15.8%. The remaining 57% is held by third parties (16 individuals).

(2)
Florence Séjourné is the permanent representative of Biotech Avenir to the Company's Board of Directors.

(3)
These people are parties to a shareholders' agreement. See section 18.3 - "Control of the Company"

15.4. SUMMARY OF TRANSACTIONS BY OFFICERS AND PERSONS MENTIONED IN ARTICLE L.621-18-2 OF THE FINANCIAL AND MONETARY CODE IN COMPANY SECURITIES DURING THE FISCAL YEAR

Relevant persons	Type of transaction	Date	Amount of transaction in euros
Jean-François MOUNEY	Purchase of shares	10/24/2017	42 504,00 €
Biotech Avenir (1)	Purchase of shares	12/14/2017	€1,849,992.60

(1) Jean-François Mouney holds 17.1% of Biotech Avenir, while Florence Séjourné holds 9.9%, and 12 GENFIT employees together hold 15.8%. The remaining 57% is held by third parties (16 individuals).

16. BOARD PRACTICES

16.1. BOARD OF DIRECTORS AND GENERAL MANAGEMENT

The composition of the Board of Directors, as well as information on its members, is described in chapter 14 – "Administrative, management and supervisory bodies and senior management" and section 21.2.2 – "Members of the Executive Board and Supervisory Board" of this Registration Document.

The Board of Directors met six times in 2017 following the change in the mode of administration and management of the Company on June 16, 2017, with an average of 95% of directors present.

The Board of Directors is and has been informed regularly and in detail at these meetings of the Company's progress, in terms of the evolution of its activity, the progress of its research projects, its clinical programs and its financial situation. In 2017, and in addition to the exercise of its statutory powers to approve the half-year financial statements and use of the delegations of powers and competences entrusted to it by the Shareholder' Meeting, the Board decided to merge the functions Chairman of the Board of Directors and Chief Executive Officer of the Company, has adopted its rules of procedure and those of its committees (and in particular that of its audit committee to take account the audit reform) in accordance with the recommendations R7 of the Middlenext Corporate Governance Code, renewed the composition of its Audit Committee and Nominations and Compensation Committee and decided to create a new Alliances Committee in accordance with recommendations R3 and R6 of the same Code, divided among its members the attendance fees decided by the Shareholders' Meeting in accordance with its recommendations R10 and the strategic conditions of the Company, particularly the conditions for the issue of bonds convertible into new and / or existing shares and the associated fundraising of a nominal amount of approximately € 180 million realized in October 2017.

The Board received reports during 2017 and regularly receives reports from the audit committee and nomination and compensation committee and has deliberated and deliberates on the recommendations they made and make.

At the date of this Registration Document, the Board has also complied with Recommendation R11 of the Middlenext Code concerning the annual assessment by the members of the Board of the Board's operation and the preparation of its work. The Board of Directors has also reviewed the points of vigilance according to the Middlenext Code.

Prior to this transformation of the Company's administration and management, the Executive Board met 10 times during the first half of 2017 with an average attendance of 97% of its members. The Supervisory Board met 4 times during the same period with an average attendance of 90% of its members. During this first part of the year, the Executive Board exercised its legal responsibilities with regard to the operational management of the Company and in particular the implementation of its research and development activities, the approval of the annual accounts and the preparation and convening of the annual general meeting, including the proposed transformation of the mode of administration and direction of the Company presented to the shareholders. The Supervisory Board was informed regularly by the Executive Board of the Company's progress in terms of changes in its business, the progress of its research projects, its clinical programs and its financial situation, the use by the Executive Board of the delegations of powers and competences entrusted by the general meeting to the latter, the preparation of the annual general meeting and exercised its legal powers by preparing all reports to the said meeting under the applicable regulations, including the report of its Chairman on Governance and Internal Control and for the first time in 2017, the report of the Supervisory Board on the principles and criteria for determination, distribution and allocation of the remuneration of executive corporate officers for the 2017 financial year ("Say on Pay - Sapin II" report).

The Board of Directors' Charter as updated and adopted following the transformation of the Company's administration and management on June 16, 2017 and describing more precisely its composition, operations and missions, as well as the ethical obligations incumbent on its members, is attached in appendix 5 of this Registration Document.

There are no particular limitations on the powers of the Chief Executive Officer.

16.2. INFORMATION ON THE CONTRACTS BINDING THE SENIOR EXECUTIVES TO THE COMPANY

Company's Chairman and Chief Executive Officer's employment contract was suspended following the transformation of the Company's administration and management method, which took place on June 16, 2017 and was terminated and a corporate mandate contract (*contrat de mandate social*) was entered into in its place.

There are no other contracts linking the company to the members of the Board of Directors.

16.3. SPECIALIZED COMMITTEES

The Board of Directors is assisted by three committees within the meaning of Article R. 225-29 of the French Commercial Code: the Audit Committee, the Nominations and Compensation Committee and the Alliances Committee.

Finally, a Scientific Board assists the General Management of the Company in its strategic choices in the scientific and technical fields.

16.3.1. Audit Committee

The Audit Committee is composed of at least three members, appointed by the Board of Directors. At least two thirds of the members of the Audit Committee must be independent under the criteria of the Middlenext Corporate Governance Code. Its members must have an advanced understanding of finance or accounting.

As of the date of this Registration Document, the members of this Committee are:

- Anne-Hélène Monsellato, Chairman of the Audit Committee
- Xavier Guille des Buttes
- Philippe Moons

The Company considers that all members are independent according to MiddleNext Code criteria, and they all have an advanced understanding of finance and accounting.

The Audit Committee meets at least three times per year, as requested by its Chairman. At least twice per year, the Audit Committee's members meet with the Company's financial manager and external auditors.

The Audit Committee's main duties are the following:

- monitoring the financial reporting process provided by the Company. In this respect, it examines in particular the consistency and the relevance of the accounting standards and methods used by the Company, and the advisability of any modification of the accounting methods. Special attention is paid by the Audit Committee to reviewing the accounting policies used for the valuation of significant or unusual transactions. The Audit Committee may make recommendations, in particular to ensure the integrity of the financial reporting process provided by the Company, control the integrity of the financial information provided by the Company and, in particular, review the consistency and relevance of the accounting standards and methods retained by the Company,
- monitoring of the effectiveness of the internal control and risk management systems, as well as of the internal audit, as regards the procedures relating to the preparation and processing of accounting and financial

information, without it is undermining its independence. If necessary, it alerts the Board of Directors in the event of an irregularity or anomaly identified in the Company's financial statements or control procedures. The Audit Committee assists the Board of Directors in drafting the report on internal control;

- monitoring the appointment and renewal process of the statutory auditors. For this purpose, and in accordance with the regulations, the Audit Committee issues a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment and / or renewal by the general meeting;
- monitoring of the performance by the Statutory Auditors of their mission, taking into account, where appropriate, the findings and conclusions of the *Haut conseil du commissariat aux comptes* following the audits carried out, in accordance with the regulations;
- monitoring by the Statutory Auditors of the conditions of independence under the conditions and in the manner provided for by the regulations, and in particular those mentioned in Article 6 of Regulation (EU) No 537/2014. The Audit Committee takes the necessary measures to implement paragraph 3 of Article 4 of this Regulation
- pre-approval of the provision of services other than the certification of the accounts by the Statutory Auditors in compliance with the applicable regulations; and
- the regular report to the Board of Directors on the performance of its duties. The Audit Committee also reports on the results of the certification of the financial statements, how this mission has contributed to the integrity of financial reporting and the role it has played in this process. It informs the board of directors without delay of any difficulty encountered.

The Audit Committee met twice in 2017 since the change in the Company's administration and management on June 16, 2017 with an average attendance of 100%. In particular, it examined the half-yearly accounts and activity and financial report and made its recommendations to the Board of Directors concerning them. It also assessed the consequences of the audit reform on the intensity of its work and the scope of its missions and adapted its rules of procedure accordingly, taking note of the progress of the work to update the mapping of audits. risks to which the Company is exposed, has ascertained the independence of the auditors and has heard them on the consequences of the new rules for the duration of their mandates and on the rotation of the signatory partners, has pre-approved the mission of verification of social, environmental and societal information, heard and exchanged with the auditors on their audit approach, the structure of their new complementary report (RCCA) and the key points of their audit, and finally formulated their opinion and their recommendations to the Board of Directors on the scope and results of the interim procedures implemented by the statutory auditors. Following this work, the Board of Directors followed all the recommendations of the Audit Committee.

The Audit Committee charter, as adopted and updated following the transformation of the Company's administration and management on June 16, 2017, describing more precisely its composition, operations and missions , as well as the ethical obligations incumbent on its members, are attached as Appendix 5 to this Registration Document.

Prior to the change in the Company's administration and management, the Audit Committee met once, all of its members being present, to review the annual financial statements and annual activity and financial report, to formulate its recommendations to the Executive Board and the Supervisory Board concerning them and to make recommendations to the Chairman of the Supervisory Board concerning the draft report of the Chairman of the Supervisory Board on internal control proposed by the Company's General Management. Following this work, the Executive Board, the Supervisory Board, its Chairman and the General Meeting followed all the recommendations of the Audit Committee.

16.3.2. Nomination and Compensation Committee

The Nomination and Compensation Committee is composed of at least three members, appointed by the Board of Directors. At least two thirds of the members of the Committee must be independent under the criteria of the Middlenext Corporate Governance Code.

As of the date of this Registration Document, the members of this Committee are:

- Xavier Guille des Buttes, Chairman of the Nomination and Compensation Committee,
- Catherine Larue

- Jean-François Mouney.

The Company considers that Xavier Guille des Buttes and Catherine Larue are independent under the criteria of the MiddleNext Code.

The Nomination and Compensation Committee meets at least three times per year, as requested by its Chairman.

The Nomination and Compensation Committee's main duties are the following:

- ensure the professionalism and objectivity of the appointment procedure for senior executives and corporate officers and senior management of the Company. In particular, it is in charge of making any proposal regarding the size and the desirable balance of the composition of the Board of Directors in view of the structure and evolution of the shareholding of the Company, as well as the requirements for good corporate governance, including the proportion of Independent Directors on the Board of Directors. Its mission is to research and assess potential candidates as well as the opportunity to renew mandates; and reviews in particular since 2016 and the latest recommendations of the Middlenext Corporate Governance Code regarding the future succession of the Company's Chairman and Chief Executive Officer;
- assess the status of each of its Board members relative to other relations they might have with the Company, which may compromise his/her free judgment or trigger potential conflicts of interest with the Company, The Nomination and Compensation Committee must also organize a procedure to select future independent members of the Board of Directors and
- make proposals to the Board of Directors concerning the elements of compensation or benefits granted to senior executives, corporate officers and senior management , including directors' attendance fees and salaries, allowances or remuneration of any kind that such persons may receive under an employment contract or company contract with the Company, the indemnities and benefits due upon termination of their employment, function or subsequent to this, the allocation of warrants or stock options or stock options or the free shares, or any form of long-term incentive in the capital of the Company. In this respect, the Nomination and Compensation Committee assesses the scale of the compensation offered by the Company in comparison with those practiced on the market and gives its recommendations to the Board of Directors on the remuneration levels and the breakdown between the various elements of the compensation, as well as the changes in compensation that may be proposed by the Company to its senior management and corporate officers..

The Nomination and Compensation Committee has met twice since the change in the Company's administration and management on June 16, 2017 with an average attendance of 100% of its members. After updating its rules of procedure, it made recommendations to the Board of Directors concerning the creation and composition of the Alliances Committee, concerning the appropriateness of using the delegations of powers and competences entrusted to it by the General Meeting regarding the allocation of stock options and free shares for the benefit of corporate officers and employees of the company and for the issue of warrants for the benefit of certain directors and scientific consultants of the Company and finally concerning the implementation of the Incentive Plan in force in the Company.

The charter of the Nomination and Compensation Committee, as adopted and updated following the change in the Company's administration and management on June 16, 2017, and more precisely describing its composition, operation and management, missions, as well as the ethical obligations incumbent on its members, are attached as Appendix 5 to this Registration Document.

Prior to the change in the Company's administration and management, the Nomination and Compensation Committee met twice, with an average attendance of 100%. In particular, it examined the situation of each member of the Executive Board and the Supervisory Board with regard to the relationship it has with the Company that could compromise its freedom of judgment or lead to potential conflicts of interest with the Company in respect of the vigilance points of the Middlenext Corporate Governance Code and formulated its recommendations to the Chairman of the Supervisory Board concerning the draft report of the Chairman of the Supervisory Board on the governance proposed by the Company's General Management. It also made preparatory recommendations for the consideration of the nominations of directors of the Company presented to the General Meeting as part of the change in Company administration and management and the review of the principles and criteria for determining and allocating the fixed, variable and exceptional components of the

total compensation and benefits of the executive corporate officers for the 2017 financial year by the same meeting. Following this work, the Executive Board, the Supervisory Board, its Chairman and the General Meeting followed all the recommendations of the Nomination and Compensation Committee.

16.3.3. Alliances Committee

On September 22, 2017, the Board of Directors decided to create an Alliances Committee.

The Alliance Committee is composed of at least three members, designated by the Board of Directors. At least two thirds of the members of the Committee must be independent under the criteria of the Middlenext Corporate Governance Code.

As of the date of this Registration Document, the members of this Committee are:

- Jean-François Mouney, Chairman of the Alliances Committee
- Xavier Guille des Buttes,
- Frédéric Desdouits.

The Company considers that Xavier Guille des Buttes and Frédéric Desdouits are independent under the criteria of the MiddleNext Code.

The Alliances Committee meets at least once a year, convened by its Chairman. It did not meet in 2017, given its recent establishment. At the date of this Registration Document, however, it met once; all its members having been present.

The main mission of the Alliances Committee is to analyze business and corporate development opportunities that may be available to the Company (these strategic opportunities may include the acquisition or sale of rights in products or merger or acquisition transactions with other companies) and for this purpose:

- analyze the products and / or companies from the point of view of their fundamentals, and in particular, in relation to the Company's own fundamentals;
- analyze the feasibility of the operation.

The Alliances Committee charter, as adopted by the Board of Directors on September 22,2017, and presents in more detail its composition, functioning and missions, as well as the ethical obligations incumbent on its members, are attached in Appendix 5 of this Registration Document.

16.3.4. Scientific Advisory Board

The Scientific Advisory Board is not a Board of Directors committee within the meaning of Article R. 225-29 of the French Commercial Code. This type of scientific advisory board is nonetheless common in biotechnology companies.

Its members are chosen by the General Management and compensated by the Company for the time spent in the Scientific Advisory Board as scientific consultants. Some of its members also hold share warrants (BSA) described in the Section 21.1.3 – "Financial Instruments Granting Access to the Share Capital" of this Registration Document.

Professor Bart Staels	Chairman of the Scientific Advisory Board Bart Staels has a PhD in Pharmacology from the University of Leuven in Belgium, and is a Professor at the University of Lille II in France and a Professor ("full Professor") at the Faculty of Pharmacy, also at the University of Lille II. In January 2007, he became Director of the Inserm Unit UMR-S 545 and in January 2010, Director of the Inserm Unit UMR 1011 (A^+ assessment from AERES, the French agency evaluating research and higher education institutions, and No. 1 at the CSS4 Inserm), located in Lille. Throughout his career, his research has primarily focused on the molecular pharmacology of cardiovascular and metabolic diseases. In particular, he has studied the role of nuclear receptors in controlling inflammation, metabolism, lipids and glucose homeostasis as well as the transcription mechanisms involved. Bart Staels is a member of several learned societies such as the European Atherosclerosis Society (EAS), the International Atherosclerosis Society (IAS) as a distinguished member, the New French Atherosclerosis Society (NSFA), the French Diabetes Society (SFD), the American Heart Association (AHA) (Premium Professional Silver Heart Member), the American Diabetes Association (ADA) and the European Association for the Study of Diabetes (EASD). He was awarded the Young Investigator prize by the EAS, the bronze medal by the CNRS (National Scientific Research Center), the Lifetime Achievement Award by the British Atherosclerosis Society, the Barré pharmaceutical prize in 1997 by the Faculty of Pharmacy of Montreal, as well as the JP Binet prize by the French Foundation of Medical Research, Paris, in 2011. He was also awarded the 2012 prize for "Distinguished Leader in Insulin Resistance" by the International Committee for Insulin Resistance (ICIR), presented during the 10th Annual World Congress of "Insulin Resistance, Diabetes & CVD" (WCIRDC) in Los Angeles, CA, in November 2012. To date, Bart Staels is the author or co-author of over 600 publications included in the Pubmeb website bibliography.
Professor Vlad Ratziu	Professor of Medicine at the Pierre and Marie Curie University in Paris, he performs his hospital work at the La Pitié Salpetrière Hospital. His activity as a hepatologist, in particular in the field of NASH, made him one of the European leaders in this field.
Professor Michael Trauner	Professor of Medicine and consultant at the University academic hospital of Graz (Austria). He is a specialist in gastroenterology and hepatology. He is internationally recognized for his work in the field of hepatobiliary diseases (PBC, PSC).
Professor Scott Friedman	Professor of medicine and pharmacology, he is the Chief of the Division of Liver Diseases and Director of the Liver Research Laboratory at the Mount Sinai School of Medicine in New York. His work in the field of fibrosis associated with chronic liver diseases is internationally recognized. He is the assistant editor-in-chief of the *Hepatology* review and is on the editorial board of the *Journal of Gastroenterolgy and Hepatology.*
Professor Arun Sanyal	Dr Arun Sanyal is a Professor of Medicine and Director of the Division of Gastroenterology at the Medical Center of the Virginia Commonwealth University in Richmond, USA. Former President of the AASLD (American Association for the Study of Liver Diseases), Professor Arun Sanyal is considered as one of the greatest specialists in the diagnosis and treatment of NASH.

Missions of the Scientific Advisory Board

The Scientific Advisory Board's role is to assist the Company in its strategic choices in the scientific and technical fields. The Scientific Advisory Board's main missions are:

- to evaluate the relevance of choices made by the Company in terms of product development and to propose, if necessary, changes to strategic or technical approaches;
- to advise the general management and scientific board of the Company in identifying strategies and selecting drug candidates, based, in particular, on the scientific results obtained by the Company (new targets, new compounds);
- to promote and advise the Company in its alliance strategies, such as external growth supporting synergies (acquisition of new competences, purchase of operating rights, drug candidates and innovative technologies, etc.).

16.4. SPECIFIC CONDITIONS FOR PARTICIPATION OF SHAREHOLDERS AT THE SHAREHOLDERS MEETING

The specific conditions for participating at the Shareholders' Meetings are described in articles 29 and 30 of the Company's articles of association, and available on the Company's Internet website.

Before each shareholders' meeting, the Company publishes on its Internet website a meeting brochure indicating the practicalities of participating, describing its agenda and summarizing the issues and context in which the draft resolution are proposed to the vote of the shareholders.

A hotline was put in place prior to the June 21, 2016 Shareholder's Meeting to respond to shareholders' questions. Furthermore, in accordance with the R12 recommendation of the Middlenext Corporate Governance Code, and throughout the year, the Chairman and CEO, CSO and/or Chief Strategy Officer meet with significant shareholders during investor conferences and specialized scientific conventions at which the Company participates. The Company's participation in these events is systematically announced on the Company's Internet website.

Finally, pursuant to this same recommendation, the Company participates in consumer shareholding fairs or holds open houses at its head office reserved for its individual shareholders.

16.5. CORPORATE GOVERNANCE

Since the change in mode of administration and management on June 16, 2017, Genfit SA is a corporation with a Board of Directors.

In connection with the admission of its shares to trading on the Euronext stock exchange in Paris in April 2014 and in an effort to promote transparency and public information, the Company decided to adopt the MiddleNext Corporate Governance Code, published in December 2009, as updated in September 2016 (hereinafter the "Middlenext Code") as the Company's reference guide for corporate governance matters. This Code is available on MiddleNext's website (www.middlenext.com).

In accordance with Recommendation R3 of the Middlenext Code, the table on the following page provides summary information on the composition of the Board of Directors and the Board Committees.

	Independant Direcotor	Year of appointment	End of Term	Audit Committee	Nomination and Compensation Committee	Alliances Committee
Jean-François MOUNEY Chairman and CEO	No	1999 (1)	2021		Member	Chairman
Xavier GUILLE DES BUTTES Vice-Chairman	Yes	2006 (2)	2021	Member	Chairman	Member
Florence SEJOURNE (representative of SAS BIOTECH AVENIR) Director*	No	2010 (1999)(3)	2021			
Frédéric DESDOUITS Director	Yes	2014 (4)	2021			Member
Catherine LARUE Director	Yes	2017 (5)	2021		Member	
Anne-Hélène MONSELLATO Director	Yes	2017 (5)	2021	Chairman		
Philippe MOONS Director	Yes	2015 (6)	2021	Member		

(1) As member of the Executive Board
(2) As member of the Supervisory Board
(3) Biotech Avenir SAS was appointed to the Supervisory Board for the first time on incorporation of the Company on September 15, 1999. Florence SEJOURNE has been its permanent representative since 2010, first to the Supervisory Board and later to the Board of Directors
(4) As member of the Supervisory Board
(5) As member of the Board of Directors
(6) As member of the Supervisory Board

More information on the composition of the Board of Directors, the balanced representation of women and men on the Board, the members of the Board and the links between them and the Company are presented in Chapter 14 – "Administrative, management and supervisory bodies and senior management" of this Registration Document. The rules of procedure and the rules of ethics of the Board of Directors are reproduced in Appendix 5 of this Registration Document.

More information on the composition of the committees of the Board of Directors, on the functioning of all the administrative and management bodies of the Company and on the specific procedures relating to the participation of the shareholders in the general meeting are presented in sections 16.1 - Board of directors and general management", 16.2 - "Information on the contracts binding the senior executives to the Company ", 16.3 - Specialized committees and 16.4 - Specific conditions for participation of shareholders at the shareholders meeting of this Registration Document. The rules of procedure and the rules of ethics of the Board of Directors' committees are reproduced in Appendix 5 of this Registration Document.

The principles and rules adopted by the Board of Directors to determine the compensation and benefits of any kind granted to corporate officers (the Chairman and Chief Executive Officer of the Company as of the date of this Registration Document) are the subject of the presented developments. in section 15.1.2 -Compensation of executive officers and

officers since the change in mode of administration and management of the Company on June 16, 2017 (Chairman and Chief Executive Officer and Independent Members of the Board of Directors) of this Registration Document.

As indicated in the following table, the Company believes it is in compliance with all of the MiddleNext Code's recommendations at the date of this Registration Document.

Middlenext Code Recommandation	Adopted
I. Supervisory Power	
R1 : Board member ethics (2)	X
R2 : Conflicts of interest (3)	X
R3 : Board composition- presence of independent members (4)	X
R4 : Informing Board members	X
R5 : Organization of Board and Committee meetings	X
R6 : Implementation of Committees	X
R7 : Implementation of a Board charter	X
R8 : Choice of board members	X
R9 : Terms of office for Board members	X
R10 :Board member compensation	X
R11 : Implementation of Board evaluations	X
R12 : Relationship with "shareholders"	X
II. Executive Power	
R13 : Definition and transparency of compensation of executive officers	X
R14 : Executive officer sucession planning	X
R15 : Cumulating employement contract with executive office (1)	X
R16 : Severance benefits	X
R17 : Supplementary pension scheme	X
R18 : Stock options and free shares (5)	X
R19 : Review of points of particular concern	X

(1) The Supervisory Board had authorized, until the transformation of the Company's administration and management on June 16, 2017, the continuation of the employment contract of the Chairman of the Executive Board on account of its his senority and the separte missions of business development and management of the Company's long-term financing*contrat de mandat social)* needs. As a result of this transformation, his employment contract was terminated and a new corporate officer contract (as Chairman and Chief Executive Officer of the Company) was put in place.

(2) The Company's Nomination and Compensation Committee considered, in particular, that the nature and number of corporate offices held outside of the Group by each of the board members is compliant with the R1 Recommendation of the Middlenext Code

(3) The Company's Nomination and Compensation Committee considered, in particular, that there are no conflicts of interest between the Company and the members of the Supervisory Board, within the meaning of Recommendation R2 of the Middlenext Code, in particular in light of the positions certain of them hold outside of the Group, including in listed biopharmaceutical companies.

(4) The Company's Nomination and Compensation Committee considered in particular that, with the exception of Biotech Avenir represented by Ms Florence Séjourné, all of the board members are independent within the meaning of the R3 Recommendation of the Middlenext Code.

(5) The Company has applied recommendation R18 by subordinating the exercise of stock options and the vesting of free shares that it has granted to the officers and employees of the Company subject to performance conditions reflecting the mid-term interests of the Company appreciated over a period of significant duration. Even if this was not the case for the 2014 BSAARs granted to executive officers, the Company believes that this recommendation is not directly applicable to this type of instrument which, unlike stock options and free shares, are acquired at market values and therefore carry a capital risk for their beneficiaries. It has, however, introduced performance conditions of this type in the BSAAR plans it has put in place for the benefit of certain senior executives in 2016.

16.6. INTERNAL CONTROL

16.6.1. Internal control reference framework adopted by the Group

The description of internal control and risk management procedures is based on the reference framework published by the French financial markets regulator (AMF for Autorité des Marchés Financiers) on July 22nd, 2010 concerning risk management and internal control systems for small and mid caps.

This model constitutes the control reference framework of the Group.

16.6.2. Scope of the internal control of the Group

The Company's internal control system covers the parent and all subsidiaries of the Group.

16.6.3. Definition and objective of Internal Control

In accordance with the AMF definition, internal control is a mechanism of the Group, defined and implemented under its responsibility, aimed at ensuring conformity with laws and regulations, the application of the instructions and directives defined by the Board of Directors and General Management of the parent company, the proper functioning of the internal processes of the Group, in particular those that help to secure its assets, the reliability of financial information, and generally, contributes to the management of its activities, the effectiveness of its operations and the efficient use of its resources.

Internal control is a process implemented under the responsibility of the Board of Directors and General Management of the parent company, which involves management and employees of GENFIT, designed to provide reasonable assurance that the following objectives are achieved:

- optimize and protect operations in accordance with applicable laws and regulations;
- ensure the safety of employees and assets;
- deploy the strategy and directives of the Board of Directors and General Management of the parent company
- deliver reliable financial and accounting information.

The internal control system was designed and regularly adapted to the development of the Group's activities by the Executive Board of the parent company. Since the change in mode of administration and management on June 16, 2017, this is now under the responsibility of the Board of Directors and General Management.

The system is the subject of adequate, regular communication with a view to its implementation by the employees of the company. It is based on the rules of integrity and conduct established by the governance bodies and communicated to everyone.
It is based on the following principles:

- an organizational structure in which responsibilities are clearly defined, adequate resources and competencies are provided, and appropriate information systems, operating procedures or methods, tools and practices are implemented;

- a risk management system designed to identify, analyze and manage the main risks threatening the attainment of the Group's objectives;
- control activities proportionate to the implications of each process and designed to reduce the risks that could affect the Group's ability to achieve its objectives;
- in-house dissemination of relevant and reliable information allowing all members of personnel to discharge their responsibilities;
- on-going monitoring of the internal control system together with a regular review of its operation.

In general, the Group's internal control contributes to the control of its activities, the efficiency of its operations and the efficient use of its resources.

By helping to prevent and control the risks of not achieving the objectives set by the Company, the internal control system plays a key role in the conduct and management of its various activities.

As such, the Company has put in place a reinforced control over the essential elements of what it considers as its main risks: the liquidity risk and the preservation of its treasury, the risk of execution of its preclinical development plan. and clinical, the risk of being unable to maintain confidentiality and / or intellectual protection of information and strategic know-how in research and development and quality risks and non-compliance with regulatory requirements as a biopharmaceutical company and as a listed company. However, like any control system, it cannot provide an absolute guarantee that such risks have been totally eliminated or controlled and that the objectives of the Company will be achieved.

16.6.4. Description of the main components of the internal control system

The control environment and the main components of the internal control system are described in the sections that follow. The internal control procedures relating to the preparation and processing of financial and accounting information are the subject of specific developments described in section 16.6.10 - Internal control procedures related to the preparation and treatment of financial and accounting information" of this Registration Document.

16.6.5. Control environment

16.6.5.1. Responsibilities in relation to internal control

Until the change in the mode of administration and management of the Group's parent company on June 16, 2017, its Executive Board was tasked with defining, initiating and monitoring the system best suited to the situation and the evolution of the company's activity. In this context, it was regularly informed of any of its dysfunctions, insufficiencies and difficulties in application thereof, even of its excesses; ensured the necessary corrective actions were taken; and informed the Supervisory Board on important points. The Audit Committee and the Nomination and Compensation Committee were the main tools that the Supervisory Board had set up to carry out its internal control mission. Where necessary, it could use its general powers to carry out the controls and verifications it deemed appropriate or to take any other initiative that it deemed appropriate in this respect. Neither the Supervisory Board nor the committees made any such request during the 2017 financial year.

Since the change, responsibilities for internal control are as follows:

Board of Directors and its committees

Section 16.1 - "Board of directors and general management" of this Registration Document describes the conditions under which the Board of Directors contributes to the optimization of the Company's operations. The Audit Committee reviews the internal control process, particularly with regard to the validation of the Company's internal control action plan and financial communication. In this capacity, it reviews, examines and makes recommendations to the Board of Directors before each half-yearly and annual publication of the Group's financial statements and the comments that accompany them.

Executive Committee (Comex)

The Executive Committee, chaired by the Chairman and Chief Executive Officer, meets each month with the five members representing or supervising each of the functional and operational departments of the company contributing to the implementation of the internal control system. In addition to coordinating the various scientific, strategic, financial, legal and communication activities of the Group, which contribute to the optimization of its operations, it reviews the Company's progress and monitors all aspects of the Group's operations with respect to following of the business plan and the objectives assigned by the Board of Directors, and discusses all the organizational and operational strategy issues put on the agenda by the Chairman and Chief Executive Officer of the Group's parent company. .

« Project » organization

Genfit is organized around Functional Departments whose coordination is ensured by a strong "projects" dimension. Applied research axes, products under development and collaboration and / or subcontracting contracts are managed by project, with a project manager and reporting. The Project Manager is responsible for coordinating, facilitating and optimizing the various cross-disciplinary tasks necessary for the success of the project.

Administrative and Financial Department and Legal Affairs Department

The Administrative and Financial Department's mission is to provide support to the operational Departments in their administrative and budgetary operations, to provide the General Management, with the assistance of the Management Control Department, the analyses enabling effective financial management and support. resource optimization.

The Legal Affairs Department's mission is to provide support to the operational departments in contractual matters and to assist the General Management in the legal management of the Company's financial and other operations.

Their mission is to ensure compliance with the accounting and financial regulations of these transactions in the context of a listed company.

Management Control Department

It is responsible for evaluating the functioning of the internal control system and making recommendations to improve it in the area covered by its missions.

Quality Department

It is responsible for identifying risks and assessing the quality assurance system and making recommendations in the area covered by its missions.

Information Systems Security Department

It is responsible for ensuring a permanent watch to identify any faults in the information system (IS) of the Company, to correct them with the "infrastructure and operations" team of the Information System Department, to define the level of security of the IS (software, data, access, ...) and to carry out regular checks and audits.

Physical Security Services

It is responsible for identifying the risks and assessing the adequacy of the physical security measures of staff and premises to the evolution of the activity and the environment and to make any recommendations in its field.

16.6.5.2. Delegations of authority and rules of commitment

On the financial and contractual level, only the Chairman and CEO has the power to make commitments on behalf of the Company.

In these areas, the Chief Financial and Administrative Officer benefits from a delegation of authority of the Chairman and CEO within the limit of a maximum sum per commitment.

Commitments are generally made only if the Company has at least two proposals evaluated by the Administration and Finance Department.

16.6.5.3. Ethics rules and professional conduct

GENFIT is a biopharmaceutical company specializing in the research and development of therapeutic and diagnostic solutions for metabolic and inflammatory diseases, including hepatogastroenterology. The goal of its research and development programs is ultimately to propose new therapeutic and diagnostic strategies for pathologies whose management represents major public health issues.

Experiments in animals, for an in vivo validation of the results obtained in vitro and in silico is an essential step in the scientific process, and a key phase before the first trials in humans.

In this respect, Genfit adheres in all its research programs to the recommendations of the National Charter concerning the ethics of animal testing aimed, in particular, at optimizing the living conditions and care of animals and promotes the same ethical commitments to its service providers, research partners and customers.

With regard to research involving humans, Genfit, as a research sponsor, ensures compliance with the legislative and regulatory measures associated with each of its research programs (Good Clinical Practice, Good Manufacturing Practice and Good Laboratory Practice) and also gives assurances in relation to the quality and integrity of all data collected in connection with these tests.

Within this framework, Genfit closely monitors the various subcontractors involved in these activities.

Genfit ensures the observance, in particular, of the right to privacy of the participants in clinical trials carried out within the framework of its research programs and makes sure that the personal information used by the company and its subcontractors is used in accordance with applicable law, in each country where its clinical trials are conducted. Genfit also ensures that participants in clinical trials grant their informed consent.

More generally, work is underway to bring the processing of personal data in line in accordance with the European Data Protection Regulation which will become operative on May 25, 2018.

16.6.5.4. Protection of confidential information

The value of the Company is primarily founded on the information that results from its research work. GENFIT realized right away the need to put in place a quality system guaranteeing the integrity and traceability of this (paper and electronic) information as well as its confidentiality until intellectual property rights protect it and guarantee that only the Company may use it.

An organization and internal control procedures were thus put in place, under the supervision of the Intellectual Property Department, Legal Affairs Department, and the Information Systems Department to avoid any inopportune disclosure of information resulting from research work which is not covered by confidentiality agreements or contractual secrecy provisions, especially within the framework of Genfit's joint research projects with other biopharmaceutical companies or academic research laboratories, and in its relations with scientific and medical experts.

16.6.5.5. Quality Assurance System

Within the framework of its activity, GENFIT must satisfy the regulatory requirements related to the research and development of its drug and biomarker candidates.

Preclinical tests, clinical trials and the manufacture of therapeutic units administered therein, their premises and equipment are subject to a very comprehensive regulation developed by many government authorities in France, Europe, the United States, or in other countries. The European Medicines Agency (EMA), the National Agency for Safety of Medicines and Health Products (ANSM), the Food and Drug Administration (FDA) in the United States and others impose strict conditions for the development of drug candidates and biomarker candidate such as those developed by GENFIT.

In this rigorous control environment, an internal control organization must be able to ensure compliance with these specific standards. To this end, the Company has a Department and Quality Assurance System whose priority objectives are to meet the regulatory requirements for the quality and safety of pharmaceutical products for human use.

As part of these activities, Quality Assurance is responsible for the implementation, management and improvement of processes, the management of the documentary system, internal and external audits, staff training and qualification as well as risk and gap management. Priority is placed on adherence to Good Laboratory Practice and Good Clinical Practice, including qualification, auditing and supervision of suppliers, as well as management of regulatory inspections.

16.6.6. Risk management system

A description of the main risk factors that the Group may face is given in Chapter 4 –" Risk factors" of this Registration Document.

Among these, the Company has put in place a reinforced management system on the essential elements of what it considers to be its main risks: the liquidity risk and the preservation of its cash flow through a system of financial steering, cost management control, including clinical, and effective resource optimization, the risk of execution of its preclinical and clinical development plan through enhanced project management, the risk of not being able to maintain confidentiality and / or protection of information, discovery and strategic know-how in research and development through a physical, computer, contractual and intellectual property security and quality risk and non-compliance with regulatory requirements as a biopharmaceutical company through a specific organization of quality assurance and as a listed company.

In particular, the Company has not identified specific financial risks related to the effects of climate change on its business; even if it takes measures, in particular energy savings and recourse to clean energies, described in its Social and Environmental Report reproduced in Appendix 3 of this Registration Document, to help reduce them.

Implemented by the operational staff, led by the General Management and monitored by the Audit Committee, the risk management system is a key element of the Group's internal control system.

A first analysis of the Group risk portfolio was initiated in 2010. At the request of the Audit Committee it was followed by more detailed tasks and action plans involving the main operational managers.

In financial year 2014, a specialized company was hired to map and evaluate all risks relating to data protection and security. Following that exercise, the Company revised the architecture of its information system and deployed new protocols for data processing and classification. A Head of Information Systems Security was created.

The risk mapping is periodically updated and regularly monitored by the Audit Committee in order to ensure, in particular, follow-up of control actions initiated by the General Management and the effective management of the risks of the Group. An update to the risk mapping and related management plans will be finalized in 2018.

16.6.7. Control activities

The objectives of the control activities implemented by the Group are to:

- ensure that the activity of the parent and its subsidiaries come within the framework defined by the applicable laws and regulations, the directives issued by the Board of Directors and General Management of the parent company, and the commitments and internal rules of the Company;
- prevent and manage the risks incurred by the Group, not only in the accounting and financial fields, but also in operational fields, to protect and preserve its activities, and more generally, the assets of the Group;
- produce in a timely manner accounting, financial and management information that is reliable and complies with the applicable standards and regulations.

In order to meet these objectives, the Company has implemented numerous organizational and technical mechanisms intended to protect the persons and tangible and intangible property of the company. The main measures implemented are described below.

16.6.7.1. Protection of personnel and premises

The laboratories are equipped with a fire detection system. The solvent room, the computer rooms and the room containing the freezers at - 80° are equipped with an automatic detection and extinguishing system.

A badge is required to access the site. A security company is responsible for surveillance of the site on nights and weekends. A video-surveillance system makes it possible to record persons entering and leaving the building.

16.6.7.2. IT Security

Antivirus

The system is protected by two antivirus applications: an active antivirus at the level of the Internet gateway (email, Web) and on each work station and server. These antivirus applications are updated regularly.

Access to data

Staff members are under orders not to store data on work stations (except in special cases for certain scientific equipment). Users are allocated personalized rights when they are assigned to a project and/or a department. A regular review of rights is carried out with the various departments of the Company by Head of Information Systems Security.
For sensitive activities, a documentation classification system has been put in place. Specific protection measures have been deployed for the storage and exchange of critical documents.

Back-up

Internal and external back-up resources are adapted to the Company's activity and regularly tested.
Back-up processes are recorded in a specific procedure.

Continuous improvement of security

The company has launched the implementation of an information security management system (ISMS).
The management of "quality documents" is defined in a specific procedure. The Quality Department oversees the document validation circuit, checks that documents are in conformity with models, records them and ensures that the latest applicable versions are available to users (via Lotus Notes databases). The original copies of quality manuals and procedures are kept by the Quality Department.

16.6.7.3. Intellectual property security

The activity of the Company is to produce, acquire or sell intangible assets. The registration and exploitation of intellectual property rights are the main ways of protecting and increasing the value of these intangible assets. For this reason, GENFIT created an Intellectual Property Department.

The objective of the Intellectual Property Department is to protect and increase the value of GENFIT's intangible assets such as inventions, know-how, trade names, etc.

Activities

The Intellectual Property Department:

- creates and manages GENFIT's portfolio of intellectual property rights by registering, acquiring or transferring rights;
- keeps track of the practices of national and international intellectual or industrial property offices;
- monitors case-law in the area of intellectual property;
- monitors competitors (patents, publications);
- takes part in the drafting of research and confidentiality agreements;
- defends GENFIT before national and international organizations and the courts in relation to intellectual property questions (in consultation with external advisers);

- advises the Chairman and CEO on strategic questions relating to intellectual property (protection policy, planning of research programs, monitoring of competitors, etc), playing an advisory role in relation to questions raised by the department, and issuing warnings in relation to strategic information of which the intellectual property department has knowledge;
- supports the Scientific Department and researchers in relation to intellectual property matters (researching scientific information, state-of-the-art analyses, patentability studies, freedom of exploitation studies, etc);
- trains staff in relation to requirements in the area of intellectual property;
- supervises the ethical (bioethics) aspect of the Company's activities.

Quality Assurance Documentation

An extensive filing system has been put in place within the Intellectual Property Department.

16.6.7.4. Purchasing

Rules governing the commitment of expenditure

Existence of a workflow in order to ensure that operations have been correctly approved, by strict identification of:

- persons that can commit the company;
- purchasing applicants and their needs;
- the various levels of approval necessary depending on the type of commitment and the amounts concerned.

The company has put in place input thresholds, and conditions governing the management of the supplier relationship (amounts outstanding, blocking measures, etc.).

Competition

Commitments are generally entered into only after 2 quotes have been obtained from at least 2 different companies.

16.6.8. Information and communication

All quality actions are provided for in the “quality assurance plan”.

16.6.8.1. Management of problems

Problems may be identified during internal and external controls, pursuant to inspections or may be reported by company personnel.

The management of problems is described in a specific procedure. They are analyzed, and corrective actions are taken with the relevant persons in charge. The Quality Director follows up on these actions.

The Chairman of the Board of Directors receives a monthly report on actions carried out and to be carried out.

16.6.8.2. Training

Two specific procedures ensure that the main internal control rules and procedures are brought to the attention of all employees:

- One describes the training to be given to persons that recently joined the company (“training for new arrivals”).
- The other describes the training on the work station and the vocational training to be provided (“organization of training/personnel enablement”).

16.6.8.3. Communication in relation to quality

The objectives to be met and the results obtained in relation to quality are regularly communicated to GENFIT's staff.

Internal communication on quality actions occurs:

- during training and refresher courses;
- by the sending of information by e-mail;
- via the Intranet;
- by posting notices in the laboratories.

16.6.8.4. Dissemination of information of the Company’s strategy

The Chairman and CEO ensures the dissemination of financial and accounting information making it possible to understand the strategy of the Group. Financial and accounting information is disseminated in strict compliance with the rules governing the operation of markets and the principle of equal treatment of shareholders.

In addition, all financial communications and press releases are reviewed and validated by the Chairman and CEO.

16.6.9. Steering of internal control

Steering of internal control systems is carried out by the General Management of the Group’s parent company and monitored by the Audit Committee. The General Management relies in particular on the management control, legal, quality assurance and security functions of the company departments.

However, in addition to controls which are carried out regularly by supervisors and which make it possible to check that key controls are functioning properly and to take any corrective action necessary, the Company carries out a range of quality controls and audits of subcontractors throughout the year.

- Quality controls are carried out by the Quality Department based on the reference framework applicable to the audited activities. A report and an action plan are drawn up in this respect. These controls are regularly scheduled and/or carried out at the express request of the General Management.

- Audits of subcontractors are carried out by independent service providers and make it possible to check the level of service of pharmaceutical development subcontractors. The annual audit plan covers all subcontractors, and specifies the type of audit which will be carried out. These audits are carried out on the basis of the contracts and reference frameworks applicable to the activities audited. They are the subject of a report and an action plan that is monitored by the Quality Department.

Internal quality and the quality of subcontractors are evaluated within the framework of management reviews, on the basis of audits in particular. This evaluation can lead to new follow-up audits, increased control of the activities audited by the Quality Department, and modifications of the audit plan of the following year.

16.6.10. Internal control procedures related to the preparation and treatment of financial and accounting information

One of the objectives of internal control is to prevent and control the risks of error and fraud in the accounting and financial areas. The Company has put in place and developed a set of internal control procedures in order to best and as far as possible manage these risks and to provide reasonable assurance as to the reliability of financial and accounting information.

16.6.11. Key procedures having an impact on the reliability of the Group's financial information

The accounting and financial processes correspond to all the activities that make it possible to transform the economic operations undertaken by the Company into accounting and financial information.

These processes are as follows:

Process	Operations concerned
Steering of accounting and financial organization	Definition of the financial information produced and published.
	Identification of the players involved in the development of the financial information published.
	Identification of the persons responsible for validating financial information for publication.
Production of financial and accounting information and preparation of financial statements	Planning of accounting operations.
	Access to the regulatory accounting information needed to produce financial information.
	Organization and security of management information systems.
	Production of accounting information and preparation of financial statements in respect of the following domains: • Income / Trade receivables; • Purchases / Trade payables; • Tangible and intangible assets, and goodwill; • Inventories and work in progress; • Cash/financing and financial instruments; • Employee benefits; • Taxes; • Provisions and obligations; • Consolidation; • Conversion of company accounts to IFRS.

16.6.12. Key points of the internal control system in relation to the production and communication of Group financial and accounting information

The accounting and financial organization of GENFIT aims at:

- the production of information that is reliable and conforms to legal and regulatory requirements;
- the reliability of the accounts for publication and that of the other information communicated to the market;
- the application of the instructions and directives issued by the Executive Board concerning this information;
- the protection of company assets;
- the prevention and detection of fraud and accounting and financial irregularities;
- the reliability of the information disseminated and used internally for the purposes of steering or control insofar as it contributes to the preparation of financial and accounting information for publication;
- an optimal and effective accounting organization.

16.6.12.1. Definition of financial information for publication

The GENFIT Group presents its financial and accounting information in accordance with the following methods, and for the periods described below:

Financial and accounting information	Accounting reference framework	Period covered
Annual accounts	French standards	From January 1st to December 31st
Half-year consolidated financial statements	IFRS	From January 1st to June 30th
Annual consolidated financial statements	IFRS	From January 1st to June 30th
Quarterly communication on revenue and cash position		From January 1st to March 31st From January 1st to June 30th From January 1st to September 30th From January 1st to December 31st

Within the framework of the production of the consolidated financial statements, the scope of internal financial and accounting control includes the parent company and the companies integrated into the consolidated financial statements ("the Group").

At December 31, 2017, the Group consists of the following companies:

- GENFIT SA, based in Loos, France;
- GENFIT CORP, based in Cambridge, Massachusetts, USA.
- GENFIT PHARMACEUTICALS SAS, based in Loos, France (no operational activity).

The Company and consolidated annual financial statements are commented on and accompanied by an annual financial report included in the Registration Document, and the half-year accounts by a half-year activity report.

16.6.12.2. Identification of the players participating in the development of financial information for publication

Production of financial and accounting information relative to GENFIT SA

The missions of GENFIT's Accounting Department include:

- day-to-day accounting management;
- the production of monthly close-of-period reports for the General Management and the Administration and Finance Department of the Company;
- the production of annual accounts in compliance with French standards;
- the production of half-year and annual consolidated financial statements in accordance with IFRS.

The Management Control Department is responsible for:

- the financial control of clinical studies;
- preparing budgets and cash forecasts.

The Administration and Finance Department:

- approves the transactions involved in the production of financial statements;
- coordinates the work of the teams and parties involved;
- prepares financing plans, validates budgets and cash forecasts.

Production of financial and accounting information of GENFIT CORP

The accounts of GENFIT CORP, based in the United States, are prepared by a local certified public accounting firm. This covers:

- the day-to-day accounting management of the entity;
- the production and transfer of accounting information in the form of standardized half-yearly reporting, according to a timetable defined by the Administration and Finance Department of GENFIT SA.

Production of financial and accounting information relative to GENFIT PHARMACEUTICALS SAS

GENFIT PHARMACEUTICALS SAS has no operational activity.

The accounts of the entity GENFIT PHARMACEUTICALS SAS are prepared by the Administration and Finance Department of GENFIT.

Production of consolidated financial and accounting information in accordance with IFRS

The consolidation and production of financial and accounting information in accordance with IFRS is carried out by the Accounting Department of GENFIT, the most appropriate place within the Group for this task.

With a view to effectiveness and optimization of reporting timelines, the Company utilizes specialized entities to handle specific adjustments for which it considers that no added-value would be created if they were performed internally. The calculation of pension liabilities in connection with the year-end closing of accounts is entrusted to KPMG.

In addition, the Company utilizes the services of experts to validate the reliability of the information produced:

- KPMG is involved in the evaluation of financial instruments on an ad hoc basis and, every six months, in the overall review of consolidation processes.

16.6.12.3. Identification of the parties in charge of validating financial information for publication

Control of financial and accounting information

The financial and accounting information of the GENFIT group is prepared by the Administration & Finance Department of GENFIT S.A. under the control of the Chairman and CEO, and is reviewed by the Audit Committee, and then by the Board of Directors.

The Chairman and CEO, assisted by the Administration & Finance Department of GENFIT S.A. is responsible for:

- organizing and implementing internal financial and accounting control ;
- preparing the financial statements for their review by the Audit Committee and their review and approval by the Board of Directors, as presented by the Administration & Finance Department.

Control of accounting processes

In addition, in the course of their certification work, the auditors examine and monitor the development of the internal control system within the framework of an annually-determined interim mission. The conclusions of this mission are evaluated by the Audit Committee.

16.6.12.4. Planning of accounting operations

The Company communicates its financial calendar, indicating the dates on which its financial and accounting information is made available. This calendar is available on the Company's website (www.genfit.com).

The Accounting Department has developed a tool for managing its operations, in order to achieve its objectives in relation to:

- the imperative meeting of (monthly/half-yearly/yearly) reporting deadlines;
- the exhaustiveness of the review of the financial statements;
- the traceability of transactions and evidence;
- the organization of service continuity.

This tool constitutes a reference framework for the operations to be carried out, with follow-up of the type of operation, its expiration, its state of advancement and the person responsible for execution and makes it possible to benefit from the following functionalities:

- planning and monitoring of operations in the form of a diary;
- monitoring of progress of revision work (operation in progress/terminated);
- document and traceability management for operations (documentation of each operation with the evidentiary items requested by the auditors during their review of the accounts).

16.6.12.5. Access to the regulatory accounting information needed to produce financial information

The tool described above also constitutes a reference framework for information documents of the type “procedures”, “model documents”, “checkpoints”, and “watch”.

The following is available and centralized (it is possible to provide differentiated access):

- documentation describing the accounting principles and the way they are applied within the company;
- analyses of complex accounting treatments specific to certain transactions;
- procedures relating to the use of computer tools;
- articles on topical events in the accounting domain in order to anticipate changes in accounting and tax doctrine.

Acutely aware of the problem of fraud, the Accounting Department regularly adds documents to this database that list the most usual methods of fraud, as well as current developments in this area.

The Accounting Department's regulatory watch relies on various sources, including:

- subscriptions to leading publications in the field, with permanent electronic access to up-to-date information and a news system based on e-mail alerts;
- use of experts.

16.6.12.6. Organization and security of management information systems

The accounting information system comprises:

- an accounting "enterprise resource planning" (ERP) tool, which allows for structured and interconnected management of the various accounting processes;
- specific software solutions (software for the management of fixed assets, tax returns, scanning invoices, etc.);
- tools developed on Excel.

The Company has developed a data centralization tool in order to simplify and increase the reliability of the production of the consolidated financial statements in accordance with IFRS. This tool makes it possible to:

- increase data homogeneity (single source);
- benefit from traceability with regard to the consequences of consolidation and IFRS adjustments;
- automatically carry out verifications and consistency checks;
- decrease the time needed to process and produce information;
- obtain an exhaustive view of the financial and accounting data produced;
- benefit from an analysis of the difference between the net consolidated closing position and net consolidated opening position.

The following objectives underlie this software architecture:

Objective 1: fulfill the regulatory requirements with regard to accounting production

The ERP software complies with Instruction 13L-1-06 no. 12 of January 24th, 2006; it comprises functionalities making it possible to fulfill the requirements defined above. For example it features:

- automatic continuous numbering of documents;
- the existence of key controls making it possible to prevent double recording of invoices;
- voluntary and irreversible computer validation treatment of accounting entries;
- intangibility of commercial documents;
- workflows that secure information circuits and processes;
- options to save data in various formats (Excel, PDF).

The use of the ERP also makes it possible to meet the specific requirements of the tax authorities. Thus, GENFIT can fulfill the requirements with regard to fiscal control of computerized accounting, and in particular, can provide the file of accounting entries which constitutes the corollary thereof.

Objective 2: meet the requirements with regard to data security

Along with the above requirements in relation to the reliability and relevance of financial and accounting information, there are also constraints relating to data security and availability.

Special attention is paid to the security of computer data and processing. The IT Department establishes controls which must:

- guarantee data security and recovery if necessary;
- protect the department against unauthorized access;
- ensure the separation of operational network responsibilities from responsibilities in relation to the use of information;
- ensure the availability of connected systems and services.

The ERP features secure system access functionalities

The audit carried out during financial year 2014 (mapping and evaluation of data risks) naturally focused on financial and accounting information systems, for aspects relating to data security, protection and recovery (time, workload).

Objective 3: enhance company performance

One of the main aims of the Accounting Department is to improve the performance of the company.

To achieve this objective of efficiency, GENFIT has always implemented a proactive approach in relation to acquisition and the updating of its IT tools, with a view to the integration and automation of financial and accounting tools.

The stated objective is to replace, insofar as possible, traditional time-consuming procedures with automated processes which make it possible to:

- render relations with all company players more fluid by computerizing the exchange of data;
- rationalize processing times and increase the reliability of processes by automatic treatment of recurring operations.

Some features which illustrate this approach include:

- the electronic purchasing process (order validation workflow);
- the electronic process for vacation applications (leave validation workflow);
- the commercial document scan system (scanning of invoices with bar code, search by number or third party, etc.).
- the integrated file relating to the production of consolidated financial statements in accordance with IFRS

16.6.12.7. Production of accounting information and preparation of financial statements

The checkpoints are, more specifically, the following:

Process	Checkpoints
Income / Trade receivables	• Use of an electronic accounting process (documentary chain allowing for electronic reconciliation of documents of the type “order”, “receipt”, and “invoice”). • Regular checking of encashments. • Automatic monthly accounting of FAE/PCA entries.
Purchases / Trade payables	• Use of an electronic accounting process (documentary chain allowing for electronic reconciliation of the documents of the type “order”, “receipt”, and “invoice”. • Regular analysis of accounts. • Automatic monthly accounting of FAR/ARR/CCA entries.
Tangible and intangible assets, and goodwill	• Monthly electronic recording of movements in a specialized application (Sage Immo 1000), allowing the life of the fixed asset to be monitored (entries, exits), its gross value, and the depreciation applied and to be applied. • Storage of evidentiary documents (scanned and annotated invoices) in electronic format. • Exits: exits from fixed assets carried out under the authorization of the CEO, by 2 identified persons, with a documentation system making it possible to justify the operations. • Occasional inventory campaigns.
Inventories and work in progress	• Stock in and stock out: daily recording. • Use of ERP: real-time view of the inventory position. • Use of ERP: effective planning of restocking making it possible to minimize stocks, but also to generally mitigate the risks of stock shortage. • Performance of a half-yearly physical inventory
Cash/financing and financial instruments	• Daily accounting of cash transactions. • Daily updating of the cash plan, for optimized monitoring of the Company's available resources. • Monthly reconciliation of bank accounts.
Employee benefits	• Internalization of the resource management and payroll function. • Calculation of pension commitments by an expert (KPMG).
Taxes	• Planning of tax declaration deadlines in the accounting management tool, so that tax documents can be filed and taxes paid on time. • Electronic filing of declarations made, and the associated supporting documents. • Analysis of transactions from the tax angle and revision by the auditors of the review of the accounts. • Monitoring of deferred tax position and reconciliation between the total tax expenses recorded in the consolidated income statement in accordance with IFRS and the theoretical tax expense (tax proof).
Provisions and obligations	• Identification and monitoring of all commitments of the company by the Administration and Finance Department.
Consolidation Conversion of company accounts to IFRS	• Centralization of data and transactions on a website and in a dedicated tool, with traceability and history of adjustments performed. • Validation of the process and of the information produced by KPMG.

17. EMPLOYEES

17.1. HUMAN RESOURCES

At December 31, 2017 and December 31, 2016, headcount was as follows:

Number of employees - Consolidated data	Year ended	
	2016/12/31	2017/12/31
Average number of employees	108	123
Average age of employees	37 years & 6 month:	38 years & 4 months
Number of employees		
Research & development	89	92
Administration & management	30	33
TOTAL	**119**	**125**
Number of employees		
Senior staff	77	92
Staff	40	29
Others (apprentices)	2	4
TOTAL	**119**	**125**
Number of employees		
Senior staff	43	45
Staff	76	80
TOTAL	**119**	**125**

GENFIT SA employees working in France are based either at the Company's headquarters in Loos or at its establishment in Paris and GENFIT Corp employees work in Cambridge, Massachusetts in the United States of America.

17.2. FINANCIAL INSTRUMENTS GRANTING ACCESS TO THE SHARE CAPITAL OF THE COMPANY AWARDED TO THE FIRST TEN NON-EXECUTIVE EMPLOYEE BENEFICIARIES, AND STOCK OPTIONS EXERCISED BY SUCH BENEFICIARIES

The Executive Board and/or the Board of Directors granted BSAAR, stock options and free shares to certain non-executive officer employees of the Company. See in particular section 15.1.11. – "Table n° 9: stock options granted to the first ten employees (excluding officers) and options exercised by such persons" of this Registration Document for the grants of BSAAR and stock options.

The main characteristics of these instruments are described in section 17.4 – "Employee shareholding" of this Registration Document.

17.3. EQUITY, SHARE WARRANTS, FOUNDER'S SHARE WARRANTS, STOCK OPTIONS, AND FREE SHARES GRANTED TO CORPORATE OFFICERS

Regarding the direct and indirect participation of the salaried corporate officers in the Company, see sections 15.1.6 – "Table n° 4: instruments giving access to capital allocated to each officer during the fiscal year", 15.1.8 – "Table n° 6: free shares granted to each corporate officer during the fiscal year", 15.1.10 – "Table n° 8: history of equity-linked instruments allocated by the Company to officers", section 15.1.12 "Table n 10: history of free share allocations" and 15.3 – Summary table of shareholding of members of board of directors and management of the company of this Registration Document.

17.4. EMPLOYEE SHAREHOLDING

Pursuant to authorizations granted by the Combined Shareholders Meetings on April 2, 2014 and February 24, 2015, the Company put in place in September 2014 and July 2016, two share warrant plans (Bons de Souscription et/ou d'Acquisition d'Actions Remboursables) (BSAAR 2014 and BSAAR 2016) for members of the Executive Board (including the current Chairman and CEO) and non corporate officer employees of the Company:

- 5,901 BSAAR 2014-A, 17,822 BSAAR 2014-B et 18,711 BSAAR 2014-C were subscribed by members of the Executive Board during the 2014 and 2015 fiscal years;
- 9,299 BSAAR 2014-A, 5,416 BSAAR 2014-B, 5,568 BSAAR 2014-C, 7,200 BSAAR 2016-A et 3,600 BSAAR 2016-B were subscribed by non-corporate officer employees of the Company during the 2014, 2015 and 2016 fiscal years.

833 BSAAR 2014-A et 400 BSAAR 2014-C were exercised by non corporate officer employees as of this Registration Document (see details in note 6.19 – "Share-Based Compensation" of the consolidated financial statements for the year ended December 31, 2017 provided in Appendix 1 of this Registration Document.).

The main terms of the BSAAR and the amount outstanding at the date of this Registration Document are summarized below:

Grant and Subscription of BSAAR Non officer employees	BSAAR 2014-A	BSAAR 2014-B	BSAAR 2014-C	BSAAR 2016-A	BSAAR 2016-B
Date of shareholders' meeting	04/02/2014			02/24/2015	
Date of Executive Board meeting	09/15/2014	09/15/2014	09/15/2014	07/22/2016	07/22/2016
Subscription period	From 09/19/2014 au 10/15/2014	From 05/07/2015 to 05/29/2015	From 07/06/2015 to 07/31/2015	From 07/25/2016 to 07/27/2016	
Total number of BSAAR subscribed by non officer employees	11 249	17 001	17 642	7 200	3 600
-of which employees who were corporate officers at the time of grant	2 783	11 585	12 474	-	-
Start of BSAAR exercise period	09/15/2015			01/01/2018 (3)	08/01/2019 (4)
BSSAR expiration date	09/15/2018	05/04/2019	07/01/2019	07/27/2020	
BSAAR issue price	€5.61			€4.60	
BSAAR exercise price (1) (2)	€23.50			€23.50	
Terms of exercise	1 BSAAR / 1.03 shares Exercisable by tranches of BSAAR equal to 1/3 of the number held by each beneficiairy				
				(3)	(4)
Total number of BSAAR remaining at December 31, 2016	11 249	17 001	17 642	7 200	3 600

(1) The exercise price of the 2014 BSAARs corresponds to the volume weighted average closing price of the share during the consecutive 5-day period from August 13 to 19, 2014, less a 13.60% discount.

(2) The exercise price of the 2016 BSAARs corresponds to the volume weighted average closing price of the share during the consecutive 5-day period from July 15 to 21, 2016, less a 6.67% discount.

(3)
The exercise is subject to the following performance condition: that the Company will have, at the date it receives the exercise notice accompanied by the payment of the exercise price, the financial means to carry out its research and development programs, and at the least, its development program for elafibranor in NASH, until at least the end of 2018.

(4)
The exercise is subject to the following performance condition: the Company will have published, on the date it receives the exercise notice accompanied by the exercise price, the main results of the RESOLVE-IT clinical trial for which it is the sponsor.

In 2016, the Executive Board, and in 2017, the Board of Directors, using the authorizations granted to them by the Extraordinary Shareholders' Meeting , decided to grant:

- stock options to the members of the Executive Board (including the current Chairman and CEO of the Company) and certain senior managers of the Company and its subsidiary, as well as,
- free shares to all eligible Company employees.

These instruments were put in place as motivation and retention instruments for the current teams, to recruit new talents interesting in participating in the Group's future development and include them in obtaining the Group's operational and financial objectives.

These instruments allow the Company to:

- Continue to offer its new employees competitive packages compared with other companies in our sector, in particular U.S. companies ;
- Substantiate in shares a portion of the total profit-sharing of employees in the Company, thus contributing to the alignment of their interests with those of shareholders; and

- Motivate the Company's employees to achieve long-term objectives, and particularly to retain some of them by establishing a direct link between their level of profit sharing and the evolution of Genfit's stock price.

The vesting of the stock options and the free shares is subject to several conditions, including internal performance conditions related to the Company's operational clinical development objectives, and conditions related to the evolution of the GENFIT stock price. These conditions are evaluated over a period of three years and reflect the Company's mid-term objectives.

In 2016, the Executive Board granted 63,375 options to certain members of senior management of the Group (including some who also were executive officers at the time of subscription) and in 2017, the Board of Directors granted 92,250 stock options (excluding those allocated to the Chairman and CEO in 2017), for which the specifics are given in section 15.1.6 – "Table n° 4: instruments giving access to capital allocated to each officer during the fiscal year" of this Registration Document).

Exercise of the stock options is subject to certain conditions, including performance conditions described in notes 6.19.5 of the notes to the consolidated financial statements for the year ended December 31, 2017 provided in Appendix 1 of this Registration Document.

History of stock option awards Information on the stock options awarded to employees				
	SO 2016-1	SO 2016-2	SO 2017-1	SO 2017-2
Date of Shareholders' Meeting	06/21/16	06/21/16	06/16/17	06/21/16
Date of Executive Board/Board of Directors	12/15/16	12/15/16	11/21/17	11/21/17
Exercise conditions	(1) (2)	(1) (2)	(1) (2)	(1) (2)
Number of shares to be subscribed by employees	42 250	21 125	61 497	30 753
-of which the total number subscribed by employees who were corporate officers at the time of subscription	13 334	6 666	-	-
Stock option vesting date	12/16/2019 (2)	12/16/2019 (3)	01/01/2021 (3)	01/01/2021 (3)
Expiration date of stock options	12/16/26	12/16/26	01/01/27	01/01/27
Stock option subscription price (4)	15,79 €	15,79 €	17,91 €	17,91 €
Shares subscribed as of the Registration Document	0	0	0	0
Stock options voided or lapsed	0	0	0	0
Options remaining as of the Registration Document	42 250	21 125	61 497	30 753

(1)
1 option/ 1 share ; Exerciseable by 1/3 of the number of options held by each beneficiairy.

(2)
Performance conditions described in note 6.19.5 of the notes ot the consolidated financial statements for the year ended December 31, 2017 provided in Appendix 1 of this Registration Document.

(3)
Subject to continued presence at the Company and performance conditions.

(4)
The exercise price was set at 80% of the volume weighted average price of the 20 trading days prior to the grant date.

The Executive Board also granted 28,066 free shares to all of the Company's employees (including some who also were executive officers at the time of subscription) and in 2017, the Board of Directors granted them 38,196 free shares (excluding those allocated to the Chairman and CEO in 2017) which are described at section 15.1.6 – "Table n° 6: free shares granted to each corporate officer during the fiscal year" of this Registration Document).

The definitive grant of free shares is subject to the conditions described in note 6.19.5 of the notes to the consolidated financial statements for the year ended December 31, 2017 provided in Appendix 1 of this Registration Document.

Historique des attributions d'actions gratuites Information sur les options attribuées au Président- Directeur Général				
	AGA D and S 2016-1	AGA D and S 2016-2	AGA D and S 2017-1	AGA D and S 2017-2
Date of Shareholders' Meeting	06/21/2016	06/21/2016	06/16/2017	06/21/2016
Date of Executive Board/Board of Directors	12/15/2016	12/15/2016	11/21/2017	11/21/2017
Vesting conditions	(1)	(1)	(1)	(1)
Number of free shares allocated to employees	18 711	9 355	25 468	12 728
-of which the total number allocated to employees who were also corporate officers at the time of allocation	3 414	1 707	-	-
Vesting date	12/16/2019 (2)	12/16/2019 (3)	01/01/2021 (3)	01/01/2021 (3)
Stock price on allocation date	20,79 €	20,79 €	17,91 €	17,91 €
Free shares vested as of the Registration Document	0	0	0	0

(1)
Performance conditions described in note 6.19.5 of the notes ot the consolidated financial statements for the year ended December 31, 2017 provided in Appendix 1 of this Registration Document.

(2)
The vesting date depends on meeting performance conditions and continued presence at the Company. Subject to meeting performance conditions and continued presence at the Company, the AGA D 2016-1 could be definitively vested in whole or part on 12/16/2018, with a one year holding periood, or on 12/16/2019 without a holding condition.

(3) Subject to performance conditions and continued presence at the Company .

In addition, certain employees indirectly hold shares of the Company through Biotech Avenir (see the table in section 18.1 – "Distribution of the share capital and voting rights" of this Registration Document).

17.5. STATUTORY PROFIT-SHARING (CONTRATS DE PARTICIPATION) AND DISCRETIONARY PROFIT-SHARING (CONTRATS D'INTERESSEMENT)

Profit-sharing Agreement

The Company implemented a profit-sharing agreement in 2002. In the Company's current development phase, its results do not justify the allocation of sums for this purpose. However, some previously allocated profit-sharing amounts remain in a current account managed by the Company.

Incentive Plan

Starting in 2009, the Company conceived on an incentive policy in order to support, under the best conditions possible, the implementation of various strategic development plans contemplated by the Company: funding of research and development programs by fundraisings, including through increasing the Company's share capital, licensing agreements relating to the Company's programs or products, takeover of the Company by a biopharmaceutical group.

On the recommendation of the Executive Board and following the recommendation of the Nomination and Compensation Committee, the Supervisory Board decided at its meeting on February 1, 2016 to approve the renewal of the Incentive Plan for the 2016 and 2017 fiscal years and to set the conditions for the application of the Plan by the Executive Board insofar as the members of the Executive Board were eligible under the Plan. On the recommendation of the Executive Board and following the recommendation of the Nomination and Compensation Committee, the Supervisory Board approved, at its

meeting of April 21, 2016, the application of this plan to the February 2016 fundraising as well as any further fundraising to be carried out until the end of 2017. The Incentive Plan was thus also implemented as part of the fundraising carried out in October and November 2016.

After a favorable opinion of the Nomination and Compensation Committee, the Board of Directors decided on November 21, 2017 to apply the Incentive Plan to the issue of OCEANEs in November 2017.

Finally, following a favorable opinion of the Nomination and Compensation Committee, the Board of Directors of February 5, 2018 decided to renew and update the Incentive Plan for the period 2018-2019.

As of this Registration Document, the Incentive Plan for this period includes, regardless of the development path considered, a fixed amount, as well as a variable incentive depending on the terms of the underlying financial transactions:

- With respect to fundraisings, including share capital increases, this additional incentive varies between 0.75% and 2% of the funds raised, depending on the total amount of the transactions (with a minimum amount under which the Plan cannot be implemented) and price per share at which such transactions are carried out;
- In the case of a licensing agreement(s) for Company programs or products, the incentive is equal to 3% of any upfront and milestone payment made by the acquirer (with a minimum upfront payment under which the plan cannot be implemented);
- In the case of a takeover of the Company by a biopharmaceutical group (for example, a successful tender offer for the Company), the incentive varies depending on the valuation of the Company in the transaction (the Incentive Plan cannot be implemented if the transaction valuation is lower than the market capitalization).

In the event of licensing agreement for Company products or programs or the takeover of the Company by a biopharmaceutical group, the amounts resulting from the Incentive Plan are capped. Regardless of the development strategy taken, these amounts are distributed in the following proportions: 40% to the Chairman and CEO and 60% to senior management and similar employees.

In 2017, a total amount of the profit sharing under the Incentive Plan, as applied to the €180 million fundraising associated with the issuance of the OCEANE in October 2017, was provisioned in the Company's financial statements for the year ended December 31 ,2017 in a total gross amount of €1,415k:

- €849k were paid to the beneficiaries proposed by the Chairman and CEO on decision of the Board of Directors on February 5, 2018;
- €566k were allocated to the Chairman and CEO of the Company by the Board of Directors and will be paid to him subject to the approval by the Shareholders' Meeting called to vote on the financial statements for the year ended December 31, 2017. This amount is indicated on the line "variable compensation" of the table in section 15.1.2 – "Table n° 2: Summary table of remuneration allocated to each executive officer"..

18. MAJOR SHAREHOLDERS

18.1. DISTRIBUTION OF THE SHARE CAPITAL AND VOTING RIGHTS

To the Company's knowledge, at December 31, 2017 the share capital and voting rights of the Company are distributed as follows:

Actionnaires	Nombre d'actions	% du capital	Total droits de vote	% des droits de vote
Biotech Avenir	1 888 482	6,06%	3 626 484	10,79%
Florence Séjourné *	0	0,00%	0	0,00%
Jean-François Mouney	11 266	0,04%	11 330	0,03%
Xavier Guille des Buttes	1 072	0,00%	1 072	0,00%
Frédéric Desdouits	111	0,00%	111	0,00%
Philippe Moons	310	0,00%	310	0,00%
Total Membres du Conseil d'administration	**1 901 241**	**6,10%**	**3 639 307**	**10,82%**
CVI Investissements	1 317 005	4,23%	1 317 005	**3,92%**
Université de Lille	451 250	1,45%	902 500	2,68%
Fondation Partenariale de l'Université de Lille	200 000	0,64%	200 000	0,59%
Contrat de Liquidité	9 288	0,03%	0	0,00%
Autres actionnaires	27 287 653	87,55%	27 354 617	81,36%
TOTAL	**31 166 437**	**100%**	**33 413 429**	**99%**

* Représentant permanent de Biotech Avenir dont elle détient 9,9% du capital.

To the Company's knowledge, there have not been any significant changes in the shareholding since December 31, 2017 and there is no other shareholder holding more than 5% of its share capital or voting rights. No shareholder has submitted a statement to the AMF declaring it is acting in concert.

History of the Company's Share Capital

The table below provides, to the Company's knowledge, a breakdown of the share capital and voting rights of the Company as of December 31, 2016:

Actionnaires	Nombre d'actions	% du capital	Total droits de vote	% des droits de vote
Biotech Avenir(1)	1 804 957	5,79%	3 542 831	10,50%
Florence Séjourné(2)	64	0,00%	128	0,00%
Xavier Guille des Buttes	1 144	0,00%	1 208	0,00%
Charles Woler	64	0,00%	128	0,00%
Frédéric Desdouits	111	0,00%	111	0,00%
Philippe Moons	248	0,00%	248	0,00%
Total Membres du Conseil de Surveillance	**1 806 588**	**5,80%**	**3 544 654**	**10,51%**
Jean-François Mouney(1)	9 566	0,03%	9 630	0,03%
Nathalie Huitorel(1)	2 879	0,01%	2 879	0,01%
Dean Hum(1)	11	0,00%	11	0,00%
Total Membres du Directoire	**12 456**	**0,04%**	**12 520**	**0,04%**
CVI Investissements	1 317 005	4,99%	1 317 005	3,90%
Université de Lille II	766 250	2,46%	1 532 500	4,54%
Contrat de Liquidité	4 720	0,02%	0	0,00%
Autres actionnaires	27 259 418	87,46%	27 325 062	81,01%
TOTAL	**31 166 437**	**100%**	**33 731 741**	**100%**

(1) Biotech Avenir est détenue à hauteur de 17,1 % par Jean-François Mouney, 6,2% par Dean Hum, 9,9% par Florence Séjourné, 9,6% par 12 salariés de GENFIT et 57 % par des tiers (15 personnes physiques). Nathalie Huitorel ne possède pas d'actions de Biotech Avenir.

(2) Représentant permanent de Biotech Avenir dont elle détient 9,9% du capital.

In 2016, the notable changes in the GENFIT shareholding structure were the following:

At the time of its subscription to a share capital increase carried out in the context of a private placement with institutional investors that took place on February 29, 2016, CVI Investments, Inc., a company established under the laws of the Cayman Islands, (controlled by Heights Capital Management, Inc. acting as the "discretionary investment manager") declared that, as of February 29, 2016, it held more than 5% of the Company's share capital and voting rights, and holds 8.08% of the Company's share capital and 7.36% of its voting rights (based on a share capital comprised, as of said date, of 26,354,794 shares representing 28,924,541 voting rights). (AMF Document n° 216C0607 dated March 4, 2016). Since this transaction, CVI Investments, Inc declared, following its sale of shares in the market, that is decreased is shareholder, on September 5, 2016, to under 5% of the share capital and voting rights of the Company, to hold, 1,317,005 shares and voting rights, i.e., 4.99% of the share capital and 4.55% of the voting rights of the Company (AMF Document n° 216C2017 dated September 12, 2016).

Following the rights issue settled on November 2, 2016, the Université Lille 2 declared that on November 2, 2016, it had less than 5% of the voting rights of the Company, and held 766,250 shares representing 1,532,500 voting rights of the Company, i.e., 2.46% of the share capital and 4.54% of the voting rights (based on a share capital of 31,166,437 shares and 33,736,406 voting rights)(AMF Document n°216C2594 of November 17, 2016).

The table below provides, to the Company's knowledge, a breakdown of the share capital and voting rights of the Company as of December 31, 2015:

Actionnaires	Nombre d'actions	% du capital	Total droits de vote	% des droits de vote
Biotech Avenir[1]	1 770 574	7,39%	3 508 448	13,23%
Florence Séjourné[2]	64	0,00%	128	0,00%
Xavier Guille des Buttes	771	0,00%	835	0,00%
Charles Woler	64	0,00%	128	0,00%
Frédéric Desdouits[3]	100	0,00%	100	0,00%
Philippe Moons[4]	85	0,00%	85	0,00%
Total Membres du Conseil de Surveillance	**1 771 658**	**7,39%**	**3 509 724**	**13,23%**
Jean-François Mouney[1]	8 389	0,04%	8 453	0,03%
Nathalie Huitorel[1]	2 591	0,01%	2 591	0,01%
Dean Hum[1]	10	0,00%	10	0,00%
Total Membres du Directoire	**10 990**	**0,05%**	**11 054**	**0,04%**
Université de Lille II	766 250	3,20%	1 532 500	5,78%
Contrat de Liquidité	5 000	0,02%	0	0,00%
Autres actionnaires	21 405 006	89,34%	21 470 363	80,93%
TOTAL	**23 958 904**	**100%**	**26 523 641**	**100%**

(1) Biotech Avenir est détenue à hauteur de 17,1 % par Jean-François Mouney, 6,2% par Dean Hum, 9,9% par Florence Séjourné, 9,6% par 12 salariés de GENFIT et 57 % par des tiers (15 personnes physiques). Nathalie Huitorel ne possède pas d'actions de Biotech Avenir.

(2) Représentant permanent de Biotech Avenir dont elle détient 9,9% du capital.

(3) Membre du Conseil de surveillance depuis le 20/06/2014 en remplacement de CM-CIC Capital Finance.

(4) Coopté par le Conseil de Surveillance le 16/07/2015 en remplacement de Finorpa puis confirmé par l'Assemblée Générale du 21 juin 2016.

18.2. EXISTENCE OF DISTINCT VOTING RIGHTS FOR MAJOR SHAREHOLDERS

T Biotech Avenir SAS, a member of the Company's Board of Directors has double voting rights.

18.3. CONTROL OF THE COMPANY

A Shareholders' Agreement binds all shareholders who held equity in the Company prior to the private placement it carried out before the admission of the Company's shares, on December 19, 2006, to trading on the Alternext stock exchange managed by Euronext Paris. In particular, this Agreement grants a right of first refusal to Biotech Avenir or to any shareholder it designates, provided said shareholder is a signatory of the Agreement, in the event that a shareholder who is a party to said Agreement plans an off-market sale of its Company shares, insofar as the projected sale, plus any other sales carried out in a given year, represents at least 2% of the Company's total share capital.

At the date of this Registration Document, the parties to the Agreement that hold Company shares are the following: Université de Lille, Fondation partenariale de l'Université de Lille, Finorpa SCR, Biotech Avenir SAS, and Messrs Jean-François Mouney, Xavier Guille de Buttes, and Charles Woler.

This Shareholders' Agreement came into effect on the day GENFIT was listed on the Alternext stock exchange, i.e., on December 19, 2006, and for a 10-year period. At the expiration of said 10-year period, the Agreement was and will be automatically renewed for successive 1-year periods. As was intended initially, the parties holding Company shares when the Company's shares were admitted to trading on the Euronext regulated stock exchange renegotiated the Agreement but did not modify it (Université de Lille II Droit et Santé, Finorpa SCR, Biotech Avenir SAS and Messrs Jean-François Mouney, Xavier Guille de Buttes, and Charles Woler.

An amendment to the aforementioned shareholders' agreement was signed on January 30, 2018 as part of the restructuring of the University of Lille, whereby on January 1, 2018, the three universities of Lille (the universities of Lille I, Lille II and Lille III) merged into a single university (the Université de Lille). In this context, the Université de Lille II Droit et Santé (now "Université de Lille") made a donation of 200,000 shares of the Company at the end of 2017 to the foundation, Fondation partenariale de l'Université de Lille, which is now a shareholder of GENFIT.

As part of the regulatory communication accompanying the signing of this amendment (AMF Document No. 218C0420 of February 14, 2018), the following shareholders, parties to the shareholders' agreement, declared that they held respectively on February 6, 2018:

- Université de Lille : 451,250 shares of the Company, representing 902,500 voting rights, i.e., 1.45% of the share capital and 2.68% of the voting rights;
- Finorpa SCR : 179,425 shares of the Company, representing as many voting rights, i.e., 0.58% of the share capital and 0.53% of the voting rights;
- Biotech Avenir SAS : 1,888,482 shares of the Company, representing 3,646,484 voting rights, i.e., 6.06% of the share capital and 10.79% of the voting rights.

To the Company's knowledge, at the date of this Registration Document, there are no agreements of which the implementation could result, at a later date, in a change of control of the Company.

18.4. STATEMENT OF COMPANY SHARES PLEDGED

None, to the Company's knowledge.

19. RELATED PARTY TRANSACTIONS

19.1. INTRAGROUP AGREEMENTS

Intragroup agreements are described in section 7.2 – "Main intragroup flows" of this Registration Document.

19.2. RELATED PARTY TRANSACTIONS

Employment contracts granted to Executive Board members

Prior to the transformation of the Company's mode of administration and management on June 16, 2017, the three members of the Company's Executive Board were related parties by reason of their employment contracts. The main obligations contained in the most recent amendments to the agreements signed between the members of the Executive Board and the Company were the following:

Employment contract of Jean-François Mouney (Chief Executive Officer) (last amendment on December 19, 2016):

- fixed gross monthly salary of €35,385 and the payment of a 13th month.
- a company car, the value of which cannot exceed €65 thousand if purchased new;
- subscription to the French social security regime for company managers and senior executives (*régime de garantie sociale des chefs d'entreprise et des dirigeants d'entreprise*, or "GSC").
- a non-disclosure clause
- a severance payment, in the event of termination (provided there is no evidence of severe misconduct (faute grave under French law) or gross negligence (faute lourde under French law)), totaling six months in wages, calculated based on the monthly wages paid over the previous 12 months (including the 13th month), plus one month of his gross wages for every year he was employed at the Company. The amount of this severance is capped at two years of gross compensation.

Employment contract of Nathalie Huitorel (Chief Financial and Administrative Officer) (on December 22, 2016 and as of June 16, 2017):

- a fixed gross monthly salary of €9,456 and the payment of a 13th month
- a company car, the value of which cannot exceed €35 thousand if purchased new;
- a non-compete clause, stating that Mrs. Huitorel undertakes not to exercise any activities that might compete with the Company's, for the duration of her employment contract;
- a non-disclosure clause applicable to all the Company's activities, financial data, research, inventions, and collaborations, both while the contract remains in effect and after it terminates, regardless of the cause for termination
- contractual severance pay in the event of dismissal (other than in the case of gross negligence or willful misconduct) of six months' salary, calculated on the basis of the last 12 months' salary (13th month bonus included) and increased by additional compensation of one month's salary per year of service, capped at two years' gross compensation.

Employment contract of Dean Hum (Chief Operating Officer and Chief Scientific Officer): (on December 22, 2016 and as of June 16, 2017):

- a fixed monthly salary of €17,692 and the payment of a 13th month;
- a non-compete clause, stating that Mr. Hum undertakes not to exercise any activities that might compete with the Company's, for the duration of his employment contract, as well as a non-disclosure clause applicable to all the Company's activities, financial data, research, inventions, and collaborations, both while the contract remains in effect and after it terminates, regardless of the cause for termination;

- contractual severance pay in the event of dismissal (other than in the case of gross negligence or willful misconduct) of six months' salary, calculated on the basis of the last 12 months' salary (13th month bonus included) and increased by additional compensation of one month's salary per year of service, subject to performance conditions, capped at two years' gross compensation.

Since this change in the Company's mode of administration, these three people are no longer related parties. The employment contract of Mr. Jean-François Mouney was suspended and then terminated and replaced by a corporate mandate agreement (*contrat de mandat social*) in his capacity as Chairman and Chief Executive Officer of the Company (his compensation and other advantages are described in section 15.1.2- "Table n° 2: Summary table of remuneration allocated to each executive office". Mr Dean Hum and Ms Nathalie Huitorel are no longer related parties as they are no longer corporate officers.

Agreements with Biotech Avenir and The NASH Education Program, an endowment fund

Biotech Avenir and the The NASH Education Program™ are both headquartered at the Company's headquarters. Please refer to note 6.24 – "Related Parties" and 6.26 – "Commitments" of the notes to the consolidated financial statements for the fiscal year ended December 31, 2017 in Appendix 1 of this Registration Document.

These domiciliations were authorized by the Board of Directors on April 26, 2018 and will therefore be the subject of a request for regularization by the Shareholders' Meeting of June 15, 2018 (see also the additional report of the Statutory Auditors reproduced in section 19.3 - "Statutory Auditors' reports on related party agreements established in the fiscal year ended December 31, 2017" below for more information on their reasons).

19.3. STATUTORY AUDITOR'S REPORTS ON RELATED PARTY AGREEMENTS ESTABLISHED IN THE FISCAL YEAR ENDED DECEMBER 31, 2017

Following its annual review, the Company provided to its statutory auditors the undertaking made in 2017 and the undertakings previously made and described above that could be qualified as related party agreements subject to articles L.225-88 and L.225-90-1 of the Commercial Code and described in section 19.2 – "Related Party Transactions" of this Registration Document.

Pursuant to such provisions, the Statutory Auditors made the following reports with a view to the review of such undertakings by the Shareholders Meeting called to approve the financial statements for the year ended December 31, 2017.

Statutory auditors' report
on related party agreements and commitments

To the Shareholders of Genfit,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility,

in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2017, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements or commitments authorized during the year ended December 31, 2017 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

Agreements and commitments previously approved by the Annual General Meeting

- **Agreements and commitments approved in prior years**

We hereby inform you that we have not been notified of any agreements or commitments previously approved by the Annual General Meeting, whose implementation continued during the year ended December 31, 2017

- **Agreements and commitments approved during the year ended December 31, 2017**

In addition, we have been notified of the implementation during the year ended December 31, 2017 of the following agreements and commitments which were approved by the Annual General Meeting of June 16, 2017 based on the statutory auditors' report on related party agreements dated May 22, 2017.

With Jean-François Mouney, Chairman and CEO

Agreement resulting from the supervisory board decisions of May 10, 2017 aiming at defining the principles and criteria of determination, repartition and attribution of compensation of corporate executive officers for the year ended December 31, 2017 as follow:

- A gross fixed annual compensation of € 505.005 with no change in comparison with the year ended December 31, 2016

- A variable compensation linked to the following conditions of performance :

    - "Incentive Plan": the incentive Plan can represent up to 40% of the sums to be allocated under the plan; these sums vary in accordance with the conditions for carrying out the strategic and structuring operations for the Company's development.

    - Free shares and stock options : the supervisory board determined a maximum amount of 17.000 stock options and a maximum of 3.000 free shares for the year ended December, 31, 2017, which represents a total and maximum amount of 0,06% of the company shares. The benefit of these shares and options is subject to continued presence in the Company and to the achievement of internal performance conditions linked, in particular, to the progress of the Company's R&D programs and/or of external performance conditions linked to changes in the Company's stock market price comparable to free shares and stock options implemented by the company for the year ended 2016.

- The benefits in kind related to a company car valued at € 5.460 and a GSC unemployment insurance valued at € 12.897.

Being specified that the fixed part, the variable part and the benefits in kind as presented above were applicable until June 17, 2017, when the employee contract was suspend and then terminated to be replaced by an executive officer contract.

- severance payment equal to six months' gross compensation, calculated on the basis of the last twelve months (excluding variable compensation associated with the implementation of the Incentive Plan) plus an additional payment of one month's gross compensation per year of service within the Company (calculated on the same bases). This payment is limited to two years' gross compensation (excluding variable compensations associated with the implementation of the Incentive Plan) paid for the last fiscal year and it would be paid if, and only if, one of the following three performance conditions is achieved at the time that his position is terminated:

    - At least one collaboration agreement or licensing agreement for the rights to use the Company's programs and products is in force with a biopharmaceutical group, as defined in the Incentive Plan;

    - At least two of the Company's products are in the clinical development phase;

    - The Company has changed control as part of the backing by a biopharmaceutical group, as defined in the Incentive Plan, in the two months prior to the time that his position is terminated.

Neuilly-sur-Seine and Paris-La Défense, April 11, 2018

The Statutory Auditors
French original signed by

GRANT THORNTON Membre français de Grant Thornton International	ERNST & YOUNG et Autres
Jean-François Baloteaud	Franck Sebag

20. FINANCIAL INFORMATION

20.1. HISTORICAL CONSOLIDATED FINANCIAL INFORMATION UNDER IFRS

20.1.1. Consolidated financial information for the fiscal year ended December 31, 2017

The consolidated financial statements for the year ended December 31, 2017 are provided in Appendix 1 of this Registration Document.

20.1.2. Other information verified by the statutory auditors

None.

20.2. PROFORMA INFORMATION

Not applicable.

20.3. STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017, PREPARED IN ACCORDANCE WITH IFRS

Statutory auditors' report on the consolidated financial statements

To the annual general meeting of Genfit,

Opinion

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying consolidated financial statements of Genfit for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

- **Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

- **Independence**

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- **Research Tax Credit (*CIR*): litigation and contingent liabilities**

Key audit matter	Our response
As indicated in Note 6.23 "Litigation and contingent liabilities" to the consolidated financial statements, a dispute is in progress with the French tax authorities calling into question part of the Research Tax Credit (*CIR*) received by the company in respect of the years 2010 to 2014. The dispute with the French tax authorities pertains mainly to collaborative research alliances with companies in the pharmaceutical industry. The tax authorities contend that, in these alliances, the company is acting as a sub-contractor, which should reduce the basis on which the CIR is computed by deducting the amounts billed by the company to the other parties. The company has recognized a provision for this litigation amounting to €106k. Furthermore, the company has calculated its potential liability according to the tax authorities' interpretation with respect to the CIR for the audited and subsequent years, and estimated that this potential tax liability could amount to €1,809k, of the aggregate €20,695k in CIRs reported in the 2010 to 2015 financial statements. In view of the amounts at stake and the uncertainty as to the outcome of this dispute with the French tax authorities, we considered its treatment and the disclosure of the contingent liabilities in the notes to the consolidated financial statements to be a key audit matter.	We familiarized ourselves with all the notifications sent by the French tax authorities to Genfit and the written communications between them from the beginning of the dispute to the date of the approval of the financial statements by the board of Directors. We discussed with Genfit's management its assessment of the risk and its potential impact on the annual financial statements. We examined the arguments of Genfit and its specialized advisor, and we included a tax specialist in our audit team in order to analyze the relevance thereof. We considered the analysis of the specialized advisor who is assisting the company in this dispute. Based on these substantive elements and the applicable accounting principles, we examined the accounting treatment and the information disclosed in the notes to the consolidated financial statements in relation to this matter (particularly the notion of contingent liabilities).

- **Completeness of subcontracted research and development activities (clinical studies)**

Key audit matter	Our response

As indicated in Note 6.3.21 to the consolidated financial statements, research and development services including the production of active ingredients and therapeutic units are subcontracted to third parties for regulatory reasons. The costs involved mainly concern the clinical and pre-clinical trials that are necessary for the development of Genfit's drug candidates and biomarker candidates.

These costs are representative of Genfit's level of activity and represent a material part of the operating expenses in the company's financial statements.

As at December 31, 2017, research and development services are in the process of being subcontracted. The company must determine the related accrual.

We therefore considered this to be a key audit matter.

We obtained an understanding of the processes in place for the monitoring of the subcontracted research and development activities and for the calculation of the accrual for the year ended, based on the contracts signed with subcontractors, the invoicing booked, and the estimate of the services performed at closing date. This understanding was obtained mainly through:

- interviews with the process owners
- the performance of walkthroughs
- the identification of the main controls in place.

We obtained the progress reports from the main research and development subcontractors and we compared them with the company's documentation used for the accounting of expenses and accruals.

We performed analytical procedures in order to assess the consistency of the trend in the amounts recognized, in view of the progress status of the research and development projects as a whole, the total amount budgeted, and the allocation by supplier.

We performed tests using sampling techniques in order to reconcile the amounts of the estimates with the underlying evidence (contract information, invoices, and progress status).

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the board of Directors.

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

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Genfit by the annual general meeting held on June 20, 2014 for GRANT THORNTON and on June 26, 2012 for ERNST & YOUNG et Autres.

As at December 31, 2017, GRANT THORNTON was in its 4th year and ERNST & YOUNG et Autres in its 6th year of total uninterrupted engagement, which includes four years since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, 14 mars 2018

The Statutory Auditors
French original signed by

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

Jean-François Baloteaud

Franck Sebag

20.4. ANNUAL FINANCIAL STATEMENTS UNDER FRENCH ACCOUNTING STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2017

[INTENTIONALLY OMITTED]

20.5. REPORT OF THE STAUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS UNDER FRENCH ACCOUNTING STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2017

[INTENTIONALLY OMITTED]

20.6. DATE OF MOST RECENT FINANCIAL INFORMATION

December 31, 2017.

20.7. DIVIDEND DISTRIBUTION POLICY

20.7.1. Dividends paid over the course of the past three fiscal year

None.

20.7.2. Dividend distribution policy

There is no short term plan to implement a dividend distribution policy based on the Company's current state of development.

20.8. STATUTORY ACCOUNT FEES

The table of the fees of the statutory auditors in accordance with article 222-8 of the General Regulation of the French Autorité des marchés financiers follows :

Fees granted to statutory auditors - For the year 2016	Ernst & Young & Autres		Grant Thornton	
(in € thousands)	k€	%	k€	%
Auditing				
Auditing, certification of financial statements, examination of parent company and consolidated financial statements				
- Issuer	65	61%	36	64%
- Fully consolidated subsidiaries	0	0%	0	0%
Other tasks and services directly related to the audit				
- Issuer	42	39%	20	36%
- Fully consolidated subsidiaries	0	0%	0	0%
Sub-total	**106**	**100%**	**57**	**100%**
Other services provided by the networks to fully consolidated subsidiaries				
Legal, tax, social	0	0%	0	0%
Others (specifiy if > 10% of audition fees)	0	0%	0	0%
Sub-total	**0**	**0%**	**0**	**0%**
Total	**106**	**100%**	**57**	**100%**

Fees granted to statutory auditors - For the year 2017	Ernst & Young & Autres		Grant Thornton	
(in € thousands)	k€	%	k€	%
Auditing				
Auditing, certification of financial statements, examination of parent company and consolidated financial statements				
- Issuer	65	70%	35	73%
- Fully consolidated subsidiaries	0	0%	0	0%
Other tasks and services directly related to the audit				
- Issuer	28	30%	13	27%
- Fully consolidated subsidiaries	0	0%	0	0%
Sub-total	**93**	**100%**	**47**	**100%**
Other services provided by the networks to fully consolidated subsidiaries				
Legal, tax, social	0	0%	0	0%
Others (specifiy if > 10% of audition fees)	0	0%	0	0%
Sub-total	**0**	**0%**	**0**	**0%**
Total	**93**	**100%**	**47**	**100%**

20.9. LEGAL AND ARBITRATION PROCEEDINGS

See also note 6.23 – "Litigation and Contingent Liabilities" of the notes to the consolidated financial statements for the year ended December 31, 2017 included in Appendix 1 of this Registration Document.

Dispute with Mr. Jean-Charles Fruchart and his wife

In April 2008, Jean-Charles Fruchart relinquished his position as Chairman of the Supervisory Board of the Company. Following this, he and his wife initiated multiple legal proceedings, in both commercial and criminal courts, against or involving the Company and certain of its officers, shareholders, subsidiaries and affiliated companies, almost systematically appealing against unfavorable court rulings. To the best of the Company's knowledge, and with the exception of one proceeding which does not concern it and which is still under investigation at the date of this Registration Document, the plaintiffs' claims have systematically and definitively been dismissed.

As these proceedings negatively impacted their reputation and their investment in the Company, two institutional shareholders of the Company have sought to hold Mr. and Mrs. Fruchart liable. As the Company has itself incurred a number of internal expenses, lawyers' fees and other legal expenses, it has joined the shareholders' legal action to obtain indemnification for these expenses, as well as compensation for the costs and damages it has suffered due to Mr. and Ms. Fruchart's actions. The Company and its shareholders have recently appealed against a ruling by the trial court in this matter.
As of the date of this Registration Document, some of these claims are ongoing before trial courts or in appeal courts, or are in pre-hearing proceedings.

Research Tax Credit Audit by the French Tax Administration

1. Context

During 2014, the Company was the subject of an accounting audit at the end of which the auditing department questioned part of the Research Tax Credit (CIR) received by the Company further to expenditures incurred in 2010. The audit continued for the 2011 and 2012 CIR returns.

This tax audit was also extended to the 2014 CIR as part of a documentary audit who purposes was to apply the rules described below.

2. Subject matter of the dispute

The dispute with the French tax authorities pertains mainly to collaborative research alliances with companies in the pharmaceutical industry. The tax authorities contend that, in these alliances, the Company is acting as a sub-contractor, which should reduce the basis on which the CIR is computed by deducting amounts billed by the Company to the other party. The Company maintains that the contracts governing said collaborative research alliances include reciprocal provisions concerning intellectual property, the shared governance of the research programs, risk sharing, conditions governing the termination of the agreements and the terms of compensation, which demonstrate that they are not sub-contracting agreements.

3. Status of the tax audit

The Company received proposed adjustments in December 2014 (for the 2010 CIR) and in December 2015 (for the 2011 and 2012 CIR) to which the Company presented its observations in written letters in February 2015 and February 2016.

Following the administrative appeal and the departmental interlocution held in June 2016 and October 2016 respectively, the tax authorities partially granted the Company's arguments.

As a result, the research tax credit adjustment definitively totaled €566k for 2010, €623k for 2011 and €285k for 2012, to which must be added €5k related to the failure to apply a reverse charge.

On January 27, 2017, the Company received a tax assessment notice of €1,478k from the tax authorities.

The Company paid the amounts assessed by:

- paying an amount of €338k;
- requesting a set-off with the amount withheld in respect of its receivable from the 2014 CIR (€1,141k), which was only allowed up to a maximum of €693k in August 2017;
- requesting a partial set off of the amount due in respect of its receivable for the 2016 CIR which was allowed for an amount of €447k in August 2017.

The Company has filed two claims, on February 15, 2017 and October 6, 2017 contesting the aforementioned adjustments (€1,478k and €447k).

Under these circumstances, the Company, although confident in its position, has provisionally calculated the amount of the potential tax liability pertaining to the years under audit and subsequent years as if the tax authorities' interpretation were to prevail. On the basis of analyses conducted by third party experts, the Company believes that this potential tax liability could amount to €1,809 thousand, out of the aggregate €20,695 thousand in CIRs reported in the 2010 to 2015 financial statements. (see note 6.23– "Litigation and Contingent Liabilities" of the Consolidated Financial Statements for the fiscal year ended December 31, 2017 available in Appendix 1 of this Registration Document).

Notwithstanding the payments made in the context of the assessment notice, the contingent liability of € 1,809 thousand mentioned above remains unchanged in its amount taking into account the litigation claims lodged by the Company.

The mention of this potential tax liability in this Registration Document and in the Notes to the Consolidated Financial Statements and Annual Financial Statements for the fiscal year ended December 31, 2017 does not, under any circumstances whatsoever, constitute an acknowledgement of the tax authorities' arguments in this matter. The Company

has however recognized a provision for this litigation amounting to €106k for contracts, not including joint research agreements, which could be considered as sub-contracting for third parties that are themselves eligible for the research tax credit and for any adjustments related to the type of capital assets eligible for the CIR.

At the date of this Registration Document, GENFIT received the notice of the judgment rendered on April 5, 2018 by the Montreuil-sur-Mer administrative court. In particular, it appears from the judgment that GENFIT won its main claim for qualifying co-research contracts under the 2010, 2011 and 2012 CIR. The tax authorities have two months to appeal. The claim filed by the Company in respect of the dispute over the 2014 CIR has not yet been decided on the date of this Registration Document.

Dispute regarding payroll taxes

On November 2, 2017, GENFIT received an accounting audit notice regarding exclusively the payroll tax for 2014, 2015 and 2016. Pending the finalization of the review and based on the analysis of a specialized advisor, a provision of €249k has been recorded for taxes from 2015 to 2017.

As of the date of this Registration Document, GENFIT received a tax reassement proposal following review of the accounting related to the payroll taxes for 2015 and 2016. The amount of tax claimed is €171k.

Litigation related to social security contributions

Following an URSAAF (French social security) audit which begun in September 2016 on the 2013, 2014 and 2015 fiscal years, the Company received an observation letter in November 2016 notifying it of a social security contribution assessment of €5 thousand which the Company contested in the amount of €4k before the Tribunal des Affaires Sociales (Social Affairs Court)..

AMF Investigation

Lastly, on January 19, 2015, the Autorité des Marchés Financiers (French financial markets regulator) opened an inquiry into the Company's financial disclosures and into the trading of its shares over the June 2014 – April 2015 period. On January 14, 2016, the AMF's Investigations and Inspections Department sent three official letters to Biotech Avenir, Genfit SA and the Chairman of Genfit SA's Executive Board. These letters mainly discuss the fact that on September 26, 2014, after market close, Biotech Avenir sold shares in a block trade shortly before the Company's press release announcing half-year 2015 results was published. In addition, the AMF's Investigations and Inspections Department also raised the issue of an interview given by the CEO that same day in the afternoon, in which the recent activities and positive outlook of Genfit were discussed, without mention of its net losses in the first half of that year. Finally, the AMF's official letters also referred to the sale notification that Biotech Avenir made on October 7, 2014 pursuant to Article 223-22 of the AMF's General Regulations, which the AMF contends was not made by in full accordance with the regulations.

The Company, Biotech Avenir, and the Chairman of the Executive Board sent their responses to said official letter on February 23, 2016.

On June 26, 2016, Biotech Avenir and the Chairman of Genfit's Executive Board were notified of claims relating to the aforementioned transaction of September 26, 2014 (nevertheless, the AMF did not make any claim regarding the sale notification). In responses dated September 19, 2016, Biotech Avenir and the Chairman of Genfit's Executive Board, now Chairman and CEO, vigorously contested the claims that were notified to them.

After testimony from Biotech Avenir and its Chairman at the meeting of the Sanctions Committee on September 7, 2017, the AMF Board requested a financial penalty of € 60,000 in respect of both Biotech Avenir and its Chairman ; the Rapporteur appointed by the Sanctions Committee having concluded that there was no breach and asked for dismissal of the claims.

Following the conclusions of the Rapporteur, the Sanctions Commission, by a decision of September 29, 2017, definitively acquitted both Biotech Avenir and its Chairman.

However, no sanction proceedings were opened with respect to the Company.

20.10. SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION

On April 27, 2018, the Company announced its revenues for the first three months of 2018 and cash and cash equivalents at March 31, 2018. See 20.11– "First Quarter 2017 financial information" of this Registration Document.

20.11. FIRST QUARTER 2018 FINANCIAL INFORMATION

On April 27, 2018, the Company announced that on March 31, 2018, its cash and cash equivalents amounted to €255.2 million compared with €137.0 million the previous year. At December 31, 2017, the cash and cash equivalents reached €273.8 million. Its revenues for the first three months of 2018 amounted to €37 thousand compared with €26 thousand for the same period in 2017.

21. ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1. Amount of Share Capital

At the date of this Registration Document, the share capital is equal to € 7,791,609.25, corresponding to 31,166,437 fully paid-up ordinary shares of par value € 0.25 each.

There are no non-equity securities of the Company.

21.1.2. Company Share Repurchase Program

In accordance with the provisions of articles L.225-209 et seq. of the French Commercial Code, the Company's shareholders authorized the Company to purchase its own shares, up to a limit of 10% of its issued share capital. The Combined Shareholders' Meeting of the Company initially granted this authorization for a period of 18 months on June 26, 2013 pursuant to the terms of its twelfth resolution. It was renewed every year since and once more by the Combined Shareholders' Meeting dated June 16th, 2017 for an additional 18 month period.

The main terms of this latter authorization are the following:

- Maximum purchase price per share (excluding fees) is EUR 125. The General Shareholders' Meeting delegated the necessary powers to the Board of Directors, with the authority to sub-delegate such powers under the conditions set forth in Article L. 225-209 of the French Commercial Code, for the purpose of adjusting the aforementioned purchase price in order to take into account the impact of any of the following transactions on the value of the share: a change in the par value of the share, a share capital increase by capitalization of reserves, a grant of free shares, a share split or consolidation, a distribution of reserves or any other assets, share capital amortization, or any other transaction involving shareholders' equity.
- The maximum amount of funds allocated to complete this share repurchase program cannot exceed EUR 500,000.

The General Shareholders' Meeting dated June 16, 2017 decided that the Company's share purchases can concern a number of shares such that:

- The maximum number of shares that can be repurchased by virtue of this authorization cannot exceed 10% of the aggregate number of shares comprising the Company's share capital and cannot exceed 5% of the aforementioned aggregate number with respect to shares acquired for the purpose of being held and subsequently tendered as payment or consideration in the context of a merger, de-merger, or tender offer, it being specified that (i) these limits apply to an amount of share capital of the Company that will, if applicable, be adjusted to take into account any transactions affecting the share capital carried out after this General Shareholders' Meeting and (ii) whenever the shares are repurchased to improve liquidity under the conditions defined in the AMF's General Regulations, the number of shares taken into account for the purpose of calculating the aforementioned 10% limit corresponds to the number of shares purchased, minus the number of shares resold while the authorization was in effect, and

- The acquisitions made by the Company cannot, under any circumstances whatsoever, and at any time whatsoever, directly or indirectly result in it holding more than 10% of its own share capital.

The aforementioned General Shareholders' Meeting decided that the share repurchases would have the following objectives:

- Acquire the Company shares to be held and subsequently exchanged or used as payment in connection with potential external growth transactions, in compliance with applicable stock market regulations,
- Deliver shares upon exercise of rights attached to securities granting access to the Company's share capital,
- Grant shares to employees or corporate officers of the Company and its subsidiaries under the conditions and in accordance with the terms set by law, in connection with, in particular, free share plans, profit-sharing initiatives to share the fruits of the company's growth, stock option plans, or a company savings plan (*plan d'épargne d'entreprise*),
- Ensure the liquidity of and boost the secondary market for the Company's securities through an investment services provider acting under the terms of a liquidity contract compliant with the ethics charter recognized by the AMF;
- Cancel all or part of the repurchased shares, based on the terms of adoption of the fourteenth resolution presented below, and
- Take any other action currently or subsequently authorized by law that the AMF currently or subsequently recognizes as market practice. In such a case, the Company would inform shareholders via a press release.

Implementation of the Share Repurchase Program

Since its implementation, this share redemption program was used exclusively in the context of the liquidity agreement signed with an investment services provider for the purpose of meeting the market stimulation objective set for the Company's shares. In compliance with current regulations, and in particular with the provisions of European Regulation No. 2273/2003 dated December 22, 2003, the Company signed a liquidity agreement with CM-CIC Market Solutions on August 1, 2013, in accordance with the code of ethics of the Association française des marchés financiers (AMAFI - French Association of Financial Markets), recognized by the AMF. This agreement is still in force as of the date of this Registration Document.

During the fiscal year ended December 31, 2017, the Board of Directors implemented the program authorized by the General Shareholders' Meeting dated June 21, 2016, then, starting from June 16, 2017, that which was authorized by the General Shareholders' Meeting of the same date, identical to the previous one.

On December 8th, 2017, the Company announced it has allocated an additional €250,000 in cash to the liquidity agreement with CM-CIC Market Solutions, in order to compensate for Biotech Avenir having withdrawn, for regulatory reasons, from liquidty agreement.

Since August 1, 2013, the sum the Company allocated to the liquidity account is € 500,000. As part of the share redemption program and within the framework of this liquidity account, from the opening date to the closing date of the past fiscal year, CM-CIC completed the following purchases and sales of Company shares on behalf of the Company:

	Number of shares purchased	Number of shares sold	Average purchase price (€)	Average sale price (€)	Number of shares held in the Company's name	Percentage of share capital
The average stock price for the year are the yearly volume weighted averages						
Pure repurchase plan	0	0	0	0	0	0
Contrat de liquidité						
January 2016	34 710	34 858	28,536	28,273	4 852	0,02%
February 2016	57 004	59 756	27,226	27,281	2 100	0,01%
March 2016	25 167	25 117	29,488	29,593	2 150	0,01%
April 2016	11 541	10 831	28,755	28,638	2 860	0,01%
May 2016	39 424	37 168	28,148	28,061	5 116	0,02%
June 2016	35 436	38 429	23,307	23,399	2 123	0,01%
July 2016	11 045	7 354	24,452	24,581	5 814	0,02%
August 2016	11 131	10 813	25,050	24,365	6 132	0,02%
September 2016	44 187	46 634	24,262	24,236	3 685	0,01%
October 2016	20 453	17 473	20,659	20,695	6 665	0,02%
November 2016	28 611	28 571	18,539	18,541	6 705	0,02%
December 2016	40 066	42 051	21,219	21,188	4 720	0,02%
Total 2016	**358 775**	**359 055**	**25,02**	**24,98**		
January 2017	12 824	11 473	21,857	22,012	6 071	0,02%
February 2017	10 035	11 019	21,297	21,334	5 087	0,02%
March 2017	18 906	19 840	31,101	30,608	4 153	0,01%
April 2017	19 225	17 725	30,986	31,226	5 653	0,02%
May 2017	12 963	13 219	31,281	31,392	5 397	0,02%
June 2017	11 529	13 173	30,362	30,615	3 753	0,01%
July 2017	16 970	19 737	27,034	26,821	986	0,00%
August 2017	17 627	13 471	25,045	24,876	5 142	0,02%
September 2017	23 991	23 028	25,923	25,963	6 105	0,02%
October 2017	18 385	20 166	23,016	23,057	4 324	0,01%
November 2017	15 448	15 096	22,227	22,323	4 676	0,02%
December 2017	15 682	13 772	22,870	22,963	6 586	0,02%
Total 2017	**193 585**	**191 719**	**26,24**	**26,33**		
January 2018	13 591	15 671	25,728	25,575	4506	0,01%
February 2018	20704	15922	24,589	24,824	9288	0,03%
Total 2018	**34 295**	**31 593**	**25,04**	**25,20**		

On February 28, 2018, there were 9,288 treasury shares, for a par value of €2,322.

21.1.3. Financial Instruments Granting Access to the Share Capital

As of the date of this Registration Document, the only financial instruments granting access to the share capital are the following:

- The 6,081,081 OCEANE due October 16, 2022 issued October 16, 2017, potentially convertible into 6,081,081 shares of GENFIT. The OCEANE are admitted to trading on Euronext Access™.
- those granted to the Company's corporate officers and detailed in section 15.1.8 – "Table n° 8: history of equity-linked instruments allocated by the Company to officers" of this Registration Document,
- those granted to certain Company employees and listed in section 17.4 – "Employee shareholding" of this Registration Document,

- the 2014 BSAs granted by the Executive Board on July 24, 2014, the 2015 BSAs granted by the Executive Board on January 9, 2015 and the 2017 BSA granted by the Board of Directors on November 21, 2017 to some of the Company's scientific consultants -- the main characteristics of these allocations and the corresponding amounts subscribed or exercised, as of the date of this Registration Document, are reiterated in the following table:

History of equity instruments granted to scientific consultants	BSA	BSA	BSA	BSA	BSA	BSA
	2014-A	2014-B	2015-A	2015-B	2017-A	2017-B
Date of the shareholders' meeting	04/02/2014	04/02/2014	04/02/2014	04/02/2014	06/16/2017	06/16/2017
Date of the Board of Directors decision	-	-	-	-	11/21/2017	11/21/2017
Date of the Executive Board meeting/ CEO decision	07/24/2014	07/24/2014	01/09/2015	01/09/2015	12/06/2017	12/06/2017
BSA Subscription Period	from 08/01/2014 to 09/15/2014	from 01/02/2015 to 02/15/2015	from 01/20/2015 to 02/25/2015	from 07/01/2015 to 09/15/2015	from 12/11/2017 to 12/26/2017	from 02/07/2018 to 15/07/2018
Total number of BSA granted to consultants	23380	23380	5845	5845	5845	5845
Total number of BSAs subscribed by consultants	=B10	23,38	5,845	5,845	5,845	-
BSAs cancelled or null and void	0	0	0	0	0	
BSAs outstanding as of the date of this Registration Document	23,380	23,380	5,845	5,845	5,845	
BSAs are eligible to be exercised as from:	11/01/2014	03/01/2015	06/01/2015	12/01/2015	07/01/2018	07/16/2022
Expiration date of the BSAs	09/30/2018	02/28/2019	05/31/2019	11/30/2019	06/30/2022	07/15/2022
Issue Price of a BSA	€ 0.01	€ 0.01	€ 0.01	€ 0.01	€2.00	€2.00
Exercise Price of a BSA	€ 23.50(1)	€ 23.50(1)	€ 35.95(2)	€ 35.95(2)	€19,97(3)	€19,97(3)
Exercise terms and conditions	1 BSA / 1.03 shares				1 BSA/ share	
	Exercisable in tranches of a 2,000 BSAs minimum, or multiples of 2,000, except for any outstanding balance under 2,000					

(1) The exercise price of the 2014 BSAs corresponds to the volume weighted average closing price of the share recorded during the consecutive 5-day period from July 7 to 11, 2014, minus a 5% discount.
(2) The exercise price of the 2015 BSAs corresponds to the volume weighted average closing price of the share recorded during the consecutive 5-day period from December 3 to 9, 2014, minus a 4.98% discount.
(3) The exercise price of the 2017 BSAs corresponds to the volume weighted average closing price of the share recorded during the consecutive 5-day period from October 20 - 26, 2017, minus a 5% discount.

As of the date of this Registration Document, the amount of diluted share capital is equal to 37,717,772 shares. This includes the share capital as of the date of this Registration Document (31,166,437 shares) plus the number of shares that could potentially be issued in connection with the conversion of all of the OCEANE outstanding at the date of this Registration Document (6,081,081) into new shares, share plans granting access to the Company's share capital (488,315), as described below, representing a potential dilution of 21%.

21.1.4. Authorized Share Capital

The resolutions authorizing the Company to issue securities (by delegating its authority to the Board of Directors), as approved during the Extraordinary session of the Combined Shareholders' Meeting dated June 16, 2017, are summarized below:

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Board of Directors		Aggregate maximum nominal amount (in Euros)
9th resolution: Authorization to issue ordinary shares and/or securities granting access to the Company's share capital via a public offer subject to shareholders' preferential subscription rights.	26 months	€ 1,850,000 (7,400,000 shares)			
10th resolution: Authorization to issue ordinary shares and/or securities granting immediate or future access to the Company's share capital via a public offer without shareholders' preferential subscription rights.	26 months	€ 1,850,000 (7,400,000 shares)		At least equal to the weighted average of the price of the share during the last three stock market trading days preceding the day on which the issuance price is set, minus, as the case may be, a maximum discount of 5% of this amount(1)	
11th resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, in an amount not to exceed 20% of the share capital per year, in the context of an offer such as that discussed in paragraph II of Article L. 411-2 of the French Monetary and Financial Code (private placement), without shareholders' preferential subscription rights.	26 months	€ 1,850,000 (7,400,000 shares) (capped at 20% of the share capital per year)	Issuance of 6,081,081 OCEANEs with a nominal amount of €179,999,997.60 convertible into 6,081,081 shares.	At least equal to the weighted average of the price of the share during the last three stock market trading days preceding the day on which the issuance price is set, minus, as the case may be, a maximum discount of 5% of this amount(1)	
13th resolution: Authorization to issue ordinary shares and/or securities granting access to share capital to French or foreign industrial or commercial companies in the pharmaceutical / biotech sector or mutual funds investing in the pharmaceutical / biotech sector and likely to invest in the context of a private placement, as well as French or foreign investment service providers who could underwrite	18 months	€ 1,850,000 (7,400,000 shares)		At least equal to the volume-weighted average (in the central order book and excluding off-market block trades) of the closing prices of the share selected from a period comprising between five and thirty consecutive sessions among the last thirty 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	

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Board of Directors		Aggregate maximum nominal amount (in Euros)
such a transaction.				different dividend entitlement date (date de jouissance) and potentially be discounted by a maximum amount of 15%	
14th resolution: Authorization to increase the number of securities to be issued in the event of a share capital increase with or without shareholders' preferential subscription rights in reliance on the 9th, 10th, 11th and 13th resolutions.	26 months	15% of the initial issuance			
15th resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, for the purpose of compensating contributions in kind comprised of shares or equity securities granting access to the share capital, without shareholders' preferential subscription rights.	26 months	Up to 10% of the share capital			
16th resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, in the event that the Company launches a public exchange offer.	26 months	€ 1,850,000 (7,400,000 shares)			
18th resolution: Authorization to issue independent share warrants (BSA) reserved for non-executive corporate officers and consultants of the Company.	18 months	€ 12,500 (50,000 shares)	On November 21, 2017, the Board of Directors granted 36,690 BSA with an exercise price of €19.97	The amount paid or that should be paid to the Company for each share issued within the context of this delegation, will be at least equal to the volume-weighted average of the closing prices of the share noted during a period of a minimum of five consecutive trading days to a maximum of thirty consecutive trading days among the last thirty trading days preceding the date upon which the issuance price is set, and potentially be discounted by a maximum amount of 5% at the time of allocation of the BSA, it being specified that the subscription price of the BSA shall be equal to 10% of the thus-determined exercise price of the BSA and that the	

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Board of Directors		Aggregate maximum nominal amount (in Euros)
				amount thus disbursed at the moment of subscription shall be deducted from the amount due at the time of exercise.	
19th resolution: authorization granted to the Executive Board to grant options to subscribe and/or purchase shares to the benefit of employees and executive officers of the Company or Group	38 months	€ 68,750 (275,000 shares)	On December 6, 2017, the Board of Directors granted 96,250 stock options to subscribe 96,250 shares to employees and corporate officers, with an exercise price of €17.91 and 13,000 stock options to employees in the United States, with an exercise price €22.54	The exercise price of the options shall not be (i) lower than 80% of the average of the stock price during the twenty stock market trading days preceding the date upon which the options are granted regarding the options to subscribe for shares or to purchase shares; and, (ii) lower than 80% of the average purchase price of the shares held by the Company but solely for the options to purchase shares, pursuant to articles L.225-208 and L. 225-209 of the French commercial Code	
20th resolution: Authorization granted to the Executive Board to allocate existing or new free shares	38 months	€ 18,750 (75,000 shares)	On December 6, 2017, the Board of Directors granted 42,118 free shares to employees and corporate officers		
21st resolution: Delegation of authority to the Executive Board for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company for the benefit of the members of a company savings plan	26 months	€ 12,500 (50,000 shares)		The subscription price for the new ordinary shares will be equal to 80% of the average of the first listed prices of the Company's share on the Euronext Paris stock exchange during the twenty stock market trading days preceding the date of the decision setting the opening date for subscription when the duration of the lock-up period stipulated by the savings plan pursuant to articles L. 3332-25 et seq. of the French Labor Code is less than 10 years, and to 70% of this average when said lock-up period is greater than or equal to 10 years	
22nd resolution: Authorization to reduce the share capital by cancelling own shares.	24 months	Not to exceed 10% of the share capital per 24-month period.			
23rd resolution: Authorization to allow the Company to repurchase its own shares, not to	18 months	€ 500,000 Per share: € 125	Implemented pursuant to a liquidity		

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Board of Directors		Aggregate maximum nominal amount (in Euros)
exceed 10% of its share capital.			agreement. Please refer to section 21.1.2 – "Company Share Repurchase Program" of this Registration Document.		

(1) Within the limit of 10% of the share capital per year at the time of issuance, the Board of Directors is authorized to set the price of the shares issued pursuant to the 10th and 11th resolutions at a price that is at least equal to the volume-weighted average (in the central order book excluding off-market block trades) of the closing prices of the Company's share chosen in a period including between five and thirty stock market trading days in a row among the last thirty stock market trading days preceding the date upon which the issuance price is set and potentially be discounted by a maximum amount of 15%.

21.1.5. Information on the share capital of any member of the Group that is subject to an option or to conditional or unconditional agreement to be put under option

To the Company's knowledge, there are currently no call or put options granted, or any other commitments made to or granted by the Company's shareholders involving the Company's shares.

21.1.6. History of the Share Capital

21.1.6.1. Changes in the share capital since August 6, 2007

Changes in the Company's share capital since the transfer of GENFIT's shares to the Alternext stock exchange (group of publicly traded companies) are shown in the table below.

Changes in issued capital & premium	Share capital			Share premium	Merger premium	Premium
	Number of shares	Face value	Share capital			
At 31 December 2005	150 001	16,00	**2 400 016**	0	0	**0**
06/27/2006 - Division of shares' par value	9 600 064	0,25	**2 400 016**	609 796	0	**609 796**
10/18/2006 - Private placement	11 270 626	0,25	**2 817 657**	14 323 832	0	**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 20	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)	17 370 068	0,25	**4 342 517**	30 687 145	37 833	**30 724 978**
04/17/2013 - Private placement	20 299 516	0,25	**5 074 879**	43 389 868	37 833	**43 427 701**
04/19/2013 & 05/02/2013 - Share capital increase - offset against receivables (OCA 2012-2)	20 317 291	0,25	**5 079 323**	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**
29/10/2015 & 04/11/2015 - Augm. capital par exercice de BSAAR	23 958 904	0,25	**5 989 726**	115 720 750	37 833	**115 758 583**
29/02/2016 - Augm. capital par placement privé	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**

21.1.6.2. Changes in the Company's share capital distribution since December 31, 2014

In 2015, the Company completed share capital increases on both October 29, 2015 and November 4, 2015, which led to the exercise of 833 BSAAR 2014-As and 400 BSAAR 2014-Cs by employees of the Company, at the price of EUR 23.50 per share, issue premium included, and resulted in the issuance of 1,233 new shares, which represents a total gross subscription amount of EUR 28,975.5 thousand, issue premium included.

In 2016, the Company has carried out three capital increases:

- February 29, 2016, a share capital increase without shareholders' preferential subscription rights in the context of a private placement via the issuance of 2,395,890 new shares at the issue price of EUR 20.70 per share, which represented a total gross subscription amount of EUR 49.6 million, issue premium included;
- October 12, 2016, a share capital increase without shareholders' preferential subscription rights in the context of a private placement via the issuance of 1,695,000 new shares at the issue price of EUR 20 per share, which represented a total gross subscription amount of EUR 33.9 million, issue premium included; and
- November 2, 2016, a rights issue by issuance of 3,116,643 new shares at a subscription price of €14.30 per share, representing a total gross subscription amount of EUR 44.6 million, issue premium included.

In 2017, the Company did not carry out any capital increase. However, it has issued bonds convertible into and / or exchanged for new and/or existing shares due October 16, 2022 (the "OCEANE") by way of private placement with institutional investors for a nominal amount of € 179,999,997.60 represented by 6,081,081 OCEANE that could potentially be converted into 6,081,081 shares, if the Company decided to only deliver shares news in case of conversion. At the date of this Registration Document, no OCEANE bonds have been converted yet.

21.1.6.3. Elements potentially having an impact in the event of a tender offer

In accordance with the provisions of article L.225-100-3 of the French Commercial Code, we present the information below that might affect a public offer:

- The Company's capital structure contains no characteristics that might affect a public offer
- There are no statutory restrictions to the exercise of voting rights and share transfers, nor clauses included in the agreements brought to the knowledge of the Company in application of article L.233-11 of the French Commercial Code

- No declarations made under articles L.233-7 and L.233-12 of the French Commercial Code identified direct or indirect investments in the Company's Capital that might affect a public offer;

- There are no securities that include special rights of control. As per the articles of association, the shares that have double voting rights, are mentioned in section 18 – "Major shareholders";

- Biotech Avenir, comprising some of the Company's founders and employees, holds 5.79% of the shares and 10.50% of the voting rights in the Company;

- A shareholder agreement, signed prior to the acceptance of the Company's shares for listing on the Euronext Alternext market in 2006, sets out a preemptive right for Biotech Avenir or any shareholder signatory of the agreement that it may appoint in the event of an off-market transfer plan for all or part of its shares in the company by a shareholder party to said agreement, if the planned transfer, combined with any transfers carried out during a given year, represents a share of at least 2% of the issued capital. As of the date of this report and to the Company's knowledge, the parties to this agreement holding shares in the company are the University of Lille , the Fondation Partenariale de l'Université de Lille, Biotech Avenir, Finorpa SCR, Jean-François Mouney, Xavier Guille des Buttes, and Charles Woler;

- The Board of Directors shall be delegated the powers described in the section 21.1.4 – "Authorized Share Capital" of this Registration Document.

- The Company has signed some contracts explicitly containing change of control clauses. This is true in particular for the contract governing the co-research alliance with Sanofi and some loan contracts.

Mr Jean-François MOUNEY is entitled to receive contractual severance pay of six months' salary in the event of dismissal (other than in the case of gross negligence or willful misconduct), calculated on the basis of the last 12 months salary and increased by additional compensation of one month's salary per year of service within GENFIT. (see sections 19.2 - "Related Party Transactions" and 19.3 – "Statutory auditor's report on related party agreements established in the fiscal year ended December 31, 2016" of this Registration Document).

In addition, the 2016-1,2016-2, 2017-1 and 2017-2 and US 2016 1, US 2016-2, US 2017-1 and US 2017-2 option plans as well as the AGA S 1 2016 and 2017, AGA S 2 2016 and 2017 and AGA D 1 2016 and 2017and AGA D 2 2016 and 2017 free share plans include conditions for accelerated vesting in the event of a tender offer for shares of the Company. The shares resulting from the definitive vesting of free shares and/or exercise of stock options represent, at the date of the Registration Document, approximately 1.5% of the Company's share capital.

21.2. MEMORANDUM AND ARTICLES OF ASSOCIATION

21.2.1. Purpose (article 4 of the Articles of Association)

The Company's direct or indirect purpose in France and elsewhere is:

- the research, production and sale, at different stages of development, of biological molecules and all other kinds of activities relating to the pharmaceutical industry;
- generally, the performance of all commercial, industrial, financial, non-real estate and real estate operations and transactions relating directly or indirectly to its business or that might facilitate the operation of its business.

21.2.2. Members of the Board of Directors and Management

21.2.2.1. Board of Directors (articles 14 to 20 of the Articles of Association)

Composition

The Company is governed by a Board of Directors composed of not less than three (3) nor more than fifteen (15) directors, without prejudice of the temporary exemption provided for in the event of merger, in which case the number may be increased to twenty-four (24).

The Ordinary General Meeting shall appoint the directors or renew their terms of office and may remove them from office at any time.

The directors may be individuals or legal entities. Upon their appointment, the legal entities are required to designate a permanent representative, who shall be subject to the same conditions and obligations and shall incur the same civil and criminal liability as if he were a director in his own name, without prejudice to the joint and several liability of the legal entity that he represents. The permanent representative shall be appointed for a term of office equivalent to the term of office of the legal entity that he represents. This term of office must be renewed upon each renewal of the legal entity's term of office.

When the legal entity removes its representative from office, it must immediately notify said removal from office to the Company, without delay by registered letter, and appoints a new permanent representative under the same terms and conditions; the same applies in the event of the death or resignation of the permanent representative.

The number of directors who are bound by an employment contract with the Company must not exceed one-third of the directors in office.

The number of directors over 75 years of age may not exceed one-third of the directors in office. If this limit is reached, the eldest director shall be deemed to have resigned.

In the event of a vacancy, due to death or resignation, of one or more directors' seats, the Board of Directors may, between two General Meetings, make provisional appointments.

However, if only one or two directors remain in office, the said director or directors, or failing that, the Auditors must immediately call the Ordinary General Meeting to complete the members of the Board of Directors.

Temporary appointments made by the Board of Directors shall be subject to approval by the next Ordinary General Meeting. Failing approval, deliberations made and actions previously carried out by the Board of Directors shall remain valid.

The director appointed to replace another director shall remain in office only for the unexpired period of his predecessor's term of office.

Term of office of the Directors

The term of office of the directors is five (5) years. This office ends at the end of the General Meeting called to approve the annual financial statements for the year ended and held during the year in which its term of office expires.

Directors are eligible for re-election.

They may be revoked at any time by the Ordinary General Meeting.

Plurality of terms of office

An individual may simultaneously hold a maximum of five (5) offices of director or chairman of a board of directors of public companies (*société anonyme*) having their registered office in France.

However, an individual may not hold more than one (1) office as Chief Executive Officer. As an exception, the Chief Executive Officer of a company may hold a second office of the same nature within another company controlled by the first company insofar as the securities of the controlled Company are not listed on a regulated market.

Directors who are not chairmen in other companies may hold an unlimited number of offices in controlled companies of the same kind.

The list of all mandates and functions held in all companies by each of the officers during the financial year is set forth in the management report of the Board of Directors.

Chairman of the Board of Directors

The Board of Directors elects, from among its members who are individuals, a Chairman. It shall fix his/her term of office as Chairman, which shall not exceed the period of his/her term of office as director.

The age limit for holding the office of Chairman of the Board of Directors is set at 80 years of age. If he/she reaches this age, he/she shall be deemed to have automatically resigned.

The Chairman of the Board of Directors organizes and manages the Board of Directors' work, for which he/she reports thereon to the General Meeting. He/she ensures that the Company's bodies operate properly and, in particular, that the directors are able to fulfill their assignments.

As it may be decided by the Board of Directors and as provided in the article 21-I of these Articles of Association, he/she may hold this office concurrently with that of Chief Executive Officer of the Company.

The Board of Directors may elect a Deputy Chairman which fulfils the functions of the Chairman in his/her absence.

Meetings and deliberations of the Board of Directors

I. Meetings

The Board of Directors meets as often as the Company's interest requires so, upon summons by the Chairman of the Board of Directors. When no meeting has been held for more than two (2) months, at least one-third of the members of the Board of Directors may request the Chairman to convene a meeting on a specific agenda.

The Chief Executive Officer may also request the Chairman of the Board of Directors to convene a Board of Directors' meeting on a specific agenda.

The Chairman is bound to comply with the requests made by virtue of the two previous paragraphs.

The Chairman of the Board of Directors chair the meetings. If the Chairman is unable to attend to his duties, the Board shall appoint one of the members present to chair the meeting.

The Board may appoint a secretary at each meeting, who is not required to be a Board of Directors' member.

An attendance record is also kept and signed by the directors attending the Board of Directors' meeting.

II. Deliberations

The Board of Directors meets as often as the Company's interest requires it, as convened by its Chairman, either at the head office, or in any other place indicated in the notification to attend. At least a third of the members of the Board of Directors may submit a motivated request to convene the Board of Directors to its Chairman by registered post. The Chairman must convene a Board of Directors' meeting at a date which may not be later than fifteen (15) days as from receipt of the request. Should the meeting not be convened within this period, the authors of the request may convene a Board of Directors' meeting themselves and set its agenda.

Notifications to attend can be issued by all means, even verbally.

Except when the Board of Directors is convened to carry out the operations referred to in the articles L.232-1 and L.233-16 of the French Commercial Code, the directors are deemed present, for the purpose of calculating the quorum and the majority, when they participate in the Board of Directors' meeting using videoconference or telecommunication means allowing them to be identified and ensuring an effective participation in accordance with applicable laws and regulations.

Any director may be represented in the deliberations of the Board of Directors by another director of the Board of Directors. Each member of the Board of Directors cannot have more than one representation's mandate.

The Board of Directors may validly deliberate only if at least half of its members are presents.

The Board of Directors' decisions are taken by a majority of members present and represented.

In the event of a split-vote, the chairman of the session's vote take precedence.

Evidence of the number of current members of the Board of Directors and their presence or representation shall result *vis-à-vis* third parties, the mere mention in the minutes of the Board of Directors of the names of the members present, represented or absent.

Minutes

The deliberations of the Board of Directors shall be recorded in minutes with the required details. The minutes are drawn up and signed in accordance with applicable laws and regulations.

These minutes are signed by the director acting as Chairman for the purpose of the meeting and at least one Director.

Copies or extracts of the minutes are validly certified by the Chairman of the Board of Directors or any person duly empowered for such purpose.

After the winding-up of the Company, copies or extract of the minutes are certified by any of the liquidators or by the sole liquidator.

Powers of the Board of Directors

The Board of Directors determines the orientations of the Company's activity and ensures their implementation. Subject to the powers expressly assigned to the general meetings, and within the limits of the corporate purpose of the Company, it shall deal with all issues pertaining to the proper functioning of the Company and settle by its decisions the Company's business.

In relation to third parties, the Company will be committed even by the actions of the Board of Directors which do not fall within the scope of the Company's purpose, unless it proves that the third parties knew that the action fell outside the limits of said purpose or that they could not be unaware thereof given the circumstances, it being understood that the sole publication of the Articles of Association is not sufficient to establish such proof.

The Board of Directors shall carry out audits and perform the controls and verifications that it deems appropriate. Each director receives all information needed to the fulfillment of its assignment and may obtain disclosure of all documents that he considers relevant.

The Board of Directors may decide on the creation of director's committees responsible for dealing with issues that the Board of Directors submits to them. It shall determine the membership, powers, privileges and operating rules of such committees, which shall carry on their business under its responsibility.

The Board of Directors shall distribute attendance fees among the directors, the total amount of which is voted by the General Meeting.

21.2.2.2. General Management (articles 21 to 22 of the Articles of Association)

I. Choice between the two forms of General Management

The General Management of the Company is handled, under his responsibility, either by the Chairman of the Board of Directors or by another individual appointed by the Board of Directors and having the title of Chief Executive Officer.

The Board of Directors chooses between the two forms of General Management at the majority of members present or represented. It shall inform the shareholders in accordance with regulatory requirements.

When the Chairman of the Board of Directors assumes the General Management of the Company, the provisions hereinafter relating to the Chief Executive Officer shall apply to him.

II. Chief Executive Officer

The Chief Executive Officer may be chosen among the directors or elsewhere. The Board of Directors fixes his term of office and remuneration.

The age limit for being Chief Executive Officer is fixed to the age of 70. Once he has reached this age, he will be deemed to have automatically resigned.

The Board of Directors may dismiss the Chief Executive Officer at any time. If the dismissal is decided without sufficient justification, it may give rise to damages.

The Chief Executive Officer is invested with the broadest powers to act on behalf of the Company in all circumstances. He exercises these powers within the limits of the Company's purpose and subject to the powers expressly assigned by the French Law to the general meeting and the Board of Directors.

He represents the Company in relations with third parties. The Company will be committed even by the actions of the Chief Executive Officer which do not fall within the scope of the Company's purpose, unless it proves that the third parties knew that the action fell outside the limits of said purpose or that it could not be unaware thereof, given the circumstances, it being understood that the sole publication of the Articles of Association is not sufficient to establish such proof.

The provisions of the Articles of Association or the decisions of the Board of Directors that limit the powers of the Chief Executive Officer are not enforceable against third parties.

III. Deputy Chief Executive Officers

Based on proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, having the title of Deputy Chief Executive Officer, whose remuneration shall be determined by the Board of Directors.

The number of Deputy Chief Executive Officers cannot exceed five.

The Board of Directors may dismiss the Deputy Chief Executive Officers at any time based on the proposal Chief Executive Officer. If the dismissal is decided without sufficient justification, it may give rise to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his duties, the Deputy Chief Executive Officers shall, unless decided otherwise by the Board of Directors, retain their duties and attributions until the appointment of a new Chief Executive Officer.

With the consent of the Chief Executive Officer, the Board of Directors shall determine the limits and term of the powers granted to the Deputy Chief Executive Officers. They shall have, *vis-à-vis* third parties, the same powers as the Chief Executive Officer.

The age limit applicable to the Chief Executive Officer also applies to the Deputy Chief Executive Officers.

21.2.3. Rights, preferences and restrictions attaching to the shares of the Company

21.2.3.1. Form of shares (article 9 of the Article of Association)

Registered or bearer.

21.2.3.2. Voting rights (excerpt from article 32 of the Articles of Association)

Each share entitles its holder to one vote.
However, any shareholder, regardless of their nationality, whose shares have been fully paid in and that have been entered in a registered account for at least two years have a double voting right in accordance with the terms and conditions laid down by law.

21.2.3.3. Rights to dividends and profits (excerpt from articles 12 and 41 of the Articles of Association)

Each share entitles its holder to a portion of the Company's profit and assets proportionate to the fraction of capital it represents.

The terms and conditions of payment of dividends and interim dividends are set by shareholders at a general meeting or, failing this, by the Executive Board. However, dividends must be paid within nine (9) months of the end of the relevant fiscal year, unless this time limit is extended with the permission of a court.

No dividends may be claimed back from shareholders unless they were distributed in violation of the law.

Any dividends that remain unclaimed within five years will lapse.

Shareholders who decide at a general meeting on the annual financial statements may grant themselves an option to receive the whole or part of any dividends or interim dividends in cash or shares issued by the Company, in accordance with the terms and conditions set or permitted by law.

21.2.3.4. Preferential subscription right

Holders of shares in the Company have a preferential right to subscribe for capital increases in accordance with the terms and conditions of the French Commercial Code.

21.2.3.5. Limitation on voting rights

No clause of the Company's Articles of Association restricts the voting right attached to shares.

21.2.3.6. Identifiable bearer shares (article 9 of the article of Association)

The Company is also permitted, in accordance with the terms and conditions of applicable laws and regulations, to ask any authorized body at any time to inform it, subject to payment of a fee, of the name or, in the case of a legal entity, the company name, and the nationality and address of holders of shares that entitle their holders immediately or in the future to vote at general meetings of the Company's shareholders, the number of shares held by each shareholder and, where applicable, any restrictions imposed in connection with the shares.

21.2.3.7. Share buybacks

See Section 21.1.2 – "Company Share Repurchase Program" of this Registration Document.

21.2.4. Terms and conditions of modification of rights of shareholders (article 7 of the Articles of Association)

The rights of shareholders as set out in the Company's Articles of Association may only be modified by shareholders at an extraordinary general meeting.

21.2.5. Shareholder meetings

21.2.5.1. Shareholder meetings (articles 27 to 34 of the Articles of Association)

General meetings are called and held in accordance with the terms and conditions set by law.

21.2.5.2. Powers of the shareholders meeting (articles 35, 36 and 37 of the Articles of Association)

Shareholders at ordinary, extraordinary and special general meetings must exercise their respective powers in accordance with the terms and conditions set by law.

21.2.5.3. Procedures that can be used to delay, defer or prevent a change of control

The Company's Articles of Association do not provide for procedures that can be used to delay, defer or prevent a change of control.

21.2.5.4. Disclosure thresholds (article 11 of the Articles of Association)

Any individual or legal entity mentioned in Articles L. 233-7, L. 233-9 and L. 223-10 of the French Commercial Code who directly or indirectly holds, alone or with others, a number of shares representing a fraction of the Company's capital or voting rights equal to or higher than two percent (2%) or a multiple of this percentage must inform the Company of the total number of shares, voting rights and securities that entitle them to a share of the capital or voting rights that they hold now or in the future, by letter sent certified mail (with acknowledgement of receipt) to the Company's principal office within four (4) trading days of said threshold being exceeded.

The above disclosure obligation also applies under the same conditions when shareholdings go below the above thresholds. The persons who are required to make the above disclosures must also notify the Company should their shareholdings go above or below one tenth, one fifth or one third of the capital or voting rights and of their objectives for the next twelve (12) months. The disclosure must stipulate whether the purchaser is acting alone or with others, whether he plans to stop or pursue the purchases or sales, to acquire or sell his controlling interest in the company, or to request his appointment or removal or the appointment of one or more other persons as director of the Board of Directors.

If a disclosure is not made as specified above, the shares or voting rights exceeding the fraction that should have been disclosed will be deprived of voting rights at general meetings of shareholders for any meeting held within two years of the date of submission of the notice in accordance with Article L. 233-14 of the French Commercial Code, if the non-disclosure comes to light and if one or more shareholders holding at least 5% of the capital make a request to that effect that is recorded in the minutes of the relevant general meeting.

The above disclosures apply without prejudice to the threshold disclosures provided for by law.

21.2.6. Specific provisions governing changes in the share capital

The Company's Articles of Association do not include any specific provisions governing alterations of capital.

22. MATERIAL CONTRACTS

The Company has not signed any other key contracts, other than those signed in the normal course of business, on the occasion of the historical collaborative research alliances with pharmaceutical laboratories, entered into for the most part at the founding of the Company or during its first years of business.

To date, Sanofi is the only partner who still has rights to develop a drug candidate in the context of its historical collaborative research alliance with GENFIT and therefore likely to use the non-exclusive, royalty-free license to the technologies developed by GENFIT. The other historical partners have notified GENFIT of their decision not to develop or to stop development of the results of their co-research alliances.

This collaborative research alliance with Sanofi was launched at the time the Company was founded (in 1999) and was extended several times. The most recent Collaboration and Licensing Contract was signed on March 9, 2011, initially for three years of collaborative research between both parties' scientific teams. An amendment was signed in September 2014, extending the collaborative research phase between both parties' scientific teams until May 2015.

Under the Contract, Genfit received annual payments for its research assistance until the end of the co-research phase in May 2015, as well as a total of €1,600 thousand in milestone payments in connection with the co-research program SAN/GFT2.

As of this Registration Document, Sanofi has not notified the Company of its intention to continue the development of this program.

If, nevertheless, at the end of this assessment, one or the other parties decided to pursue the development of the molecules coming out of this collaboration et met new scientific milestones provided in the Contract, the party would be required to make the additional payments to its partner:

- a total €8,000 thousand for pursuing its clinical development prior to the product's introduction to market, as the case may be,
- a total €6,000 thousand upon receipt of a Marketing Authorization for the product and completion its first sale, as the cases may be, and
- royalties on the potential sales of the product, set at 3% of the net pretax revenue generated by the product.

Although the Company remains contractually eligible for additional milestone payments, , it believes that, given that the last stage of co-research between the two companies ended nearly three years ago, the probability that Sanofi would continue to develop the results of the co-research or to enter into a new contract extending this collaboration with Sanofi, and as a consequence to receive any payments thereunder, are virtually non-existent.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST

None.

24. DOCUMENTS ON DISPLAY

Copies of this Registration Document can be obtained free of charge from the Company's principal office, at Parc Eurasanté, 885 Avenue Eugène Avinée, 59120 Loos, France. This Registration Document is also available on the Company's website (www.genfit.com) and on the Autorité des marchés (AMF) website (www.amf-france.org).

The Company's Articles of Association, minutes of general meetings and other corporate documents, as well as its past financial information and any assessment or declaration prepared by an expert at the Company's request and that must be made available to shareholders in accordance with applicable legislation can be consulted free of charge at the Company's principal office.

Since the Company's admission to trading on the regulated Euronext market in Paris, all regulated information within the meaning of the AMF's General Regulation will also available on the Company's website (www.genfit.com).

25. INFORMATION ON HOLDINGS

Information concerning the companies in which the Company holds an equity interest that might significantly affect the assessment of its assets and liabilities, its financial situation or its results is set out in Section 7 – "Organizational structure" and Section 20 – "Financial information" of this Registration Document.

26. CORRESPONDENCE TABLES

26.1. MANAGEMENT REPORT CORRESPONDENCE TABLE

	Information required in the management report	**Cross reference in the Registration Document**
1	Analysis of the evolution of business, results and financial situation of the Company and indebtedness	Chapters 9 and 10
2	Key financial and other performance indicators, including information regarding the environment and personnel	Chapters 3 and 17 ; Appendix 3
3	Main risks and uncertainties faced by the Company	Chapter 4
4	Use of financial instruments	Note 6.17 to the consolidated financial statements in Appendix 1
5	Company policy on financial risk management, hedging, exposure to price, credit, liquidity and treasury risk	Section 4.3; Note 6.4 to the consolidated financial statements in Appendix 1
6	List of corporate branches	Section 7.1
7	Information on the social and environmental consequences of the Company's activity and the consequences of climate change on the business and the use of goods and services of the Company	Sections 3.4 and 3.5, Appendix 3
8	Company undertakings in favor of circular economy and against food waste	Section 3.3 of Appendix 3
6	Valid delegations granted by the Shareholders Meeting to the Executive Board	Section 21.1.4
9	Information on supplier and client payment terms	Section 9.4
10	Participation of employees in the Company's share capital	Section 17.4
11	Share capital	
	Main shareholders	Section 18.1
	Summary of transactions by officers and persons mentioned in article L.621-18-2 of the Financial and Monetary Code in Company securities during the fiscal year	Section 15.4
	Company share buybacks	Section 21.1.2
	Dividends distributed over the last three fiscal years	Section 20.7

12	Internal control procedures		Section 2
	Main characteristics of internal control procedures and risk management put in place by the Company related to preparation and treatment of accounting and financial information	Section 16.6	
	Information of interest rate and exchange rate risks and financial instrument risk	Section 4.3.3	
	Main characteristics of internal control and risk management systems for all companies in the scope of consolidation	Section 16.6	

26.2. CORRESPONDENCE TABLE FOR REPORT ON CORPORATE GOVERNANCE

	Information requires in the report on corporate governance	Cross reference in the Registration Document
1	Organization and functioning of the Board of Directors	
	Composition of the Board of Directors, application of the balanced representation of men and women on the Board of Directors	Section 14.1.1
	Conditions for the preparation and organization of the work of the Board of Directors	Sections 16.1 et 16.3
	List of the corporate officers held and activities in other companies during the fiscal year by each corporate officer	Section 14.1.1
	Governing body selected to manage the Company	Introduction to Chapter 14
	Limitations put on the Chairman and Chief Executive Officer's power by the Board of Directors	N/A
2	Specific terms and conditions relating to the participation of shareholders in the general meeting	Section 16.4
3	Yearly review of related party agreements	Section 19.3
4	Elements which could have an impact in the event of a tender offer	Section 21.1.7
5	Application of the Middlenext Code	Section 16.5
6	Delegations in place granted by the shareholders' meeting to the Board of Directors and use of these delegations during the fiscal year	Section 21.1.4
7	Compensation	
	Say on Pay ex post	
	Total compensation and benefits in kind paid by the Company to corporate officers during the fiscal year	Sections 15.1.3 , 15.1.4, 15.1.5, 15.1.6, 15.1.8, 15.1.9, 15.1.10, 15.1.12
	Commitments made by the Company for the benefit of the Chairman and Chief Executive Officer in connection with the taking, cessation or change of these functions or after such duties, in particular pension commitments and other annuities	Sections 15.1.13 et 15.2
	Say on Pay ex ante	
	Draft resolutions presented by the Board of Directors subject to ex ante vote	Section 15.1.2
	Variable or exceptional compensation awarded during the past year to the Chairman and Chief Executive Officer subject to shareholder approval	Section 15.1.4

26.3. CORRESPONDENCE TABLE FOR THE ANNUAL FINANCIAL REPORT PURSUANT TO ARTICLE L451-1-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

	Information required in the Annual Financial Report	Cross reference in the Registration Document
1	Declaration of the personal responsible for the annual financial report	Section 1.2
2	Annual financial statements for the year ended December 31, 2017	Appendix 2
3	Report of the statutory auditors on the 2017 annual financial statements for	Section 20.5
4	Consolidated financial statements for the year ended December 31, 2017	Appendix 1
5	Report of the statutory auditors on the 2017 consolidated financial statements	Section 20.2
6	Management Report pursuant to 222-3-3° of the AMF General Regulation	See above « Management report correspondence table »
7	Statutory auditor fees	Section 20.8
8	Report of the Board of Directors on corporate governance	See above "Governance report correspondence table"

APPENDIX 1: CONSOLIDATED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

ANNUAL
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

This document has been translated from French into English for information purposes only.
In the event of any differences between the French text and the English text, the French language version shall supersede.

TABLE OF CONTENTS

1. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS (in € thousands)	Notes	As of 2016/12/31	 2017/12/31
Non-current assets			
Intangible assets	6.5.	668	636
Property, plant & equipment	6.6.	3 010	6 324
Non current trade & others receivables	6.7.	0	1 921
Other non-current financial assets	6.8.	541	729
Total - Non-current assets		4 219	9 611
Current assets			
Inventories	-	14	4
Current trade & others receivables	6.7.	8 394	7 955
Other current financial assets	6.8.	174	31
Other current assets	6.9.	1 137	1 761
Cash & cash equivalents	6.10.	152 277	273 820
Total - Current assets		161 996	283 572
Total - Assets		**166 214**	**293 183**

EQUITY & LIABILITIES (in € thousands)	Notes	As of 2016/12/31	 2017/12/31
Shareholders' equity			
Share capital	6.11.	7 792	7 792
Share premium	-	237 305	257 580
Retained earnings	-	(68 654)	(102 531)
Currency translation adjustment	-	21	(8)
Net loss	-	(33 667)	(58 604)
Total shareholders' equity - Group share		142 797	104 229
Non-controlling interests	-	0	0
Total - Shareholders' equity		142 797	104 229
Non-current liabilities			
Non current convertible loans	6.12.	0	153 611
Other non-current loans & borrowings	6.12.	5 004	6 978
Non-current deferred income and revenue	-	3	2
Non-current employee benefits	6.15.	849	936
Deferred tax liabilities	-	0	321
Total - Non-current liabilities		5 855	161 848
Current liabilities			
Current convertible loans	6.12.	0	1 329
Other current loans & borrowings	6.12.	1 248	1 834
Current trade & other payables	6.13.	16 146	23 580
Current deferred income and revenue	-	1	1
Current provisions	6.14.	167	361
Total - Current liabilities		17 562	27 106
Total - Equity & liabilities		**166 214**	**293 183**

2. CONSOLIDATED STATEMENTS OF OPERATIONS

(in € thousands, except earnings per share data)	Notes	Year ended 2016/12/31	Year ended 2017/12/31
Revenues and other income			
Revenue	-	284	118
Other income	6.17.	6 499	6 737
Revenues and other income		6 783	6 856
Operating expenses and other operating income (expenses)			
Research & development expenses	6.18.	(32 959)	(54 189)
General & administrative expenses	6.18.	(7 938)	(9 421)
Other operating income	6.18.	(2)	(9)
Other operating expenses	6.18.	(42)	69
Operating loss		(34 158)	(56 695)
Financial revenue	6.20.	729	642
Financial expenses	6.20.	(203)	(2 168)
Financial loss		526	(1 526)
Income tax	6.21.	(35)	(384)
Net loss		**(33 667)**	**(58 604)**
Attributable to owners of the Company		(33 667)	(58 604)
Attributable to non-controlling interests		0	0
Basic / diluted loss per share attributable to shareholders of Genfit			
Basic earnings per share (€/share)	6.22.	(1.25)	(1.88)

3. CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS

(in € thousands)	Notes	Year ended 2016/12/31	Year ended 2017/12/31
Net loss		**(33 667)**	**(58 604)**
Actuarial gains and losses	6.15.	(27)	(210)
Other comprehensive income (loss) that will never be reclassified to profit or loss		(27)	(210)
Exchange differences on translation of foreign operations		6	(29)
Other comprehensive income (loss) that are or may be reclassified to profit or loss		6	(29)
Total other comprehensive loss		**(33 688)**	**(58 843)**
Attributable to owners of the Company		(33 688)	(58 843)
Attributable to non-controlling interests		0	0

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in € thousands)	Year ended 31/12/2016	Year ended 31/12/2017
Cash flows from operating activities		
+ Net loss	(33 667)	(58 604)
+ Non-controlling interets		
Reconciliation of net loss and of the cash used for operating activities		
Adjustments for:		
+ Amortization	630	1 226
+ Depreciation & impairment charges	186	186
+ Expenses related to share-based compensation	11	278
- Gain / (loss) on disposal of property, plant & equipment	0	8
+ Net finance expenses / (revenue)	45	1 368
+ Income tax expense	35	384
+ Other non-cash items	(338)	17
Operating cash flows before change in working capital	(33 098)	(55 137)
Change in:		
Decrease (+) / increase (-) in inventories	14	10
Decrease (+) / increase (-) in trade receivables & other assets	(2 942)	(2 106)
Decrease (-) / increase (+) in trade payables & other liabilities	8 828	7 377
Change in working capital	5 900	5 281
Income tax paid	(28)	0
Net cash flows provided by (used in) operating activities	**(27 226)**	**(49 856)**
Cash flows from investment activities		
- Acquisition of property, plant & equipment	(2 036)	(2 800)
+ Proceeds from disposal of property, plant & equipment	(0)	15
- Acquisition of financial instruments	(51)	(163)
+ Proceeds from sale of financial instruments	0	0
- Acquisition of subsidiary, net of cash acquired	0	0
Net cash flows provided by (used in) investment activities	**(2 086)**	**(2 948)**
Cash flows from financing activities		
+ Proceeds from issue of share capital (net)	121 007	19 960
+ Proceeds from subscription / exercise of share warrants	50	37
+ Proceeds from new loans & borrowings	1 500	157 377
- Repayments of loans & borrowings	(1 034)	(1 655)
- Financial interests paid (including finance lease)	(43)	(1 372)
Net cash flows provided by (used in) financing activities	**121 480**	**174 348**
Increase / (decrease) in cash & cash equivalents	**92 167**	**121 544**
Cash & cash equivalents at the beginning of the period	**60 111**	**152 277**
Cash & cash equivalents at the end of the period	**152 277**	**273 820**

5. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in € thousands)	Share capital		Share premiums	Treasury shares	Retained earnings	Currency translation adjustment	Net profit (loss)	Total shareholders' equity Group share	Non-controlling interests	Total shareholders' equity
	Number of shares	Share capital								
As of January 1, 2016	**23 958 904**	**5 990**	**118 038**	**(127)**	**(51 365)**	**15**	**(17 135)**	**55 416**	**0**	**55 416**
Net loss							(33 667)	(33 667)		(33 667)
Other comprehensive income (loss)					(27)	6		(21)		(21)
Total comprehensive income (loss)	**0**	**0**	**0**	**0**	**(27)**	**6**	**(33 667)**	**(33 688)**	**0**	**(33 688)**
Allocation of prior period profit (loss)					(17 135)		17 135	0		0
Capital increase	7 207 533	1 802	119 205					121 007		121 007
Share-based compensation			11					11		11
Treasury shares				0				0		0
Other movements			50					50		50
As of December 31, 2016	**31 166 437**	**7 792**	**237 305**	**(127)**	**(68 527)**	**21**	**(33 667)**	**142 797**	**0**	**142 797**
Net loss							(58 604)	(58 604)		(58 604)
Other comprehensive income (loss)					(210)	(29)		(239)		(239)
Total comprehensive income (loss)	**0**	**0**	**0**		**(210)**	**(29)**	**(58 604)**	**(58 843)**	**0**	**(58 843)**
Allocation of prior period profit (loss)					(33 667)		33 667	**0**		0
Capital increase	0	0	19 960					19 960		19 960
Share-based compensation			278					278		278
Treasury shares				0				0		0
Other movements			37					37		37
As of December 31, 2017	**31 166 437**	**7 792**	**257 580**	**(127)**	**(102 404)**	**(8)**	**(58 604)**	**104 229**	**0**	**104 229**

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1. THE COMPANY

Founded in 1999 under the laws of France, GENFIT S.A. (the "Company") is a biopharmaceutical company dedicated to the discovery and development of drugs and biomarkers in therapeutic areas of high unmet need due to the lack of effective treatments or diagnostic tools and/or due to the increasing number of patients worldwide. The Company concentrates its R&D efforts to participate in the commercialization of treatment solutions and diagnostic tools to fight certain metabolic, inflammatory, autoimmune or fibrotic diseases affecting especially the liver (such as non-alcoholic steatohepatitis or NASH).

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 (of which the impact is insignificant) (together referred to as "GENFIT" or the "Group").

6.2. BASIS OF PRESENTATION

The 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 December 31, 2017. Comparative figures are presented for the year ended December 31, 2016.

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.

The consolidated financial statements for the period ended December 31, 2017 were prepared under the responsibility of the Board of Directors that approved such statements on March 12, 2018.

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

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

6.2.1. Changes in accounting policies and new standards or amendments

None.

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

The paragraph below describes the standards and amendments to standards that are binding and apply starting from January 1, 2018 or later, and indicates GENFIT's position with respect to the future application of these texts.

GENFIT has not applied any of these texts earlier than required.

New or amended Standards Text already adopted in the EU		Effective date	Potential impact on consolidated financial statements
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement.	Applicable for fiscal years open from January 1, 2018 Early adoption permitted.	The assessment of the impact on the Group's consolidated financial statements is insignificant.
IFRS 15 Revenue from Contracts with Customers **IFRS 15 Amendment** *Clarification*	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, Revenue.	Applicable for fiscal years open from January 1, 2018 Early adoption permitted.	The assessment of the impact on the Group's consolidated financial statements is insignificant.
IFRS 16 Leases	IFRS 16 aligns the accounting of simple leases to that of finance leases.	Applicable for fiscal years open from January 1, 2019	The Group is currently assessing the impact of this standard on its consolidated financial statements.
Amendment to IAS 12 Deferred tax assets on unrealized losses	The amendment to IAS 12 clarifies how to recognize future taxable profits required to recognize these deferred tax assets.	Applicable for fiscal years open from January 1, 2017	The assessment of the impact on the Group's consolidated financial statements is insignificant.
Amendment to IAS 7 Disclosure initiatives	This amendment to IAS 7 concerns the disclosure of changes in financial liabilities on the balance sheet.	Applicable for fiscal years open from January 1, 2017	The assessment of the impact on the Group's consolidated financial statements is insignificant.

Amendments to standards Text not yet adopted in the EU		Effective date	Potential impact on consolidated financial statements
Amendment to IFRS 2 Share-based payments	This amendment to IFRS 2 provides clarification on the valuation and modification of the plans.	Applicable for fiscal years open from January 1, 2018	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
Improvement of IFRS, 2014-2016 cycle	This cycle concerns IFRS 1, IFRS 12 and IAS 28.	Applicable respectively for fiscal years open from January 1, 2018, January 1, 2017 and January 1, 2018	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
IFRIC 22 Foreign currency transactions and advanced consideration		Applicable for fiscal years open from January 1, 2018	The application of this amendment to the Group's consolidated financial statements does not have a significant impact.
IFRIC 23 Uncertainty over income tax treatments		Applicable for fiscal years open from January 1, 2018	The application of this amendment to the Group's consolidated financial statements does not have a significant impact

6.3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.3.1. Use of estimates and judgments

In preparing the financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and underlying assumptions mainly relate to research tax credit (see section 6.3.19.2. - "Research tax credit"), employee benefits (see section 6.3.17. - "Employee benefits") and share-based payments. (see section 6.19 Share-based compensation)

6.3.2. Consolidation

An investor controls an investee when the investor is exposed to variable returns from its involvement with the investee, and when the investor has the ability to affect those returns through its power over the investee.

The Group controls all the entities included in the scope of consolidation.

6.3.3. Foreign currency

6.3.3.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the entities of the Group at the exchange rates applicable at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date.

The resulting exchange gains or losses are recognized in the statement of operations.

6.3.3.2. Foreign currency translation

The assets and liabilities of foreign operations having a functional currency different from the euro are translated into euros at the closing exchange rate. The income and expenses of foreign operations are translated into euros at the

exchange rates effective at the transaction dates or, in practice, using the average exchange rate for the reporting period unless this method cannot be applied due to significant exchange rate fluctuations.

Gains and losses arising from foreign operations are recognized in the statement of other comprehensive loss. When a foreign operation is partly or fully divested, the associated share of gains and losses recognized in the currency translation reserve is transferred to the statement of operations.

The Group presentation currency is euro, which is also the functional currency of GENFIT S.A.
The functional currency of GENFIT CORP is US dollars.

Ratio : 1 US dollars (USD) = x euros (EUR)	Year ended 2016/12/31	Year ended 2017/12/31
Exchange rate at period-end	0.94868	0.83382
Average exchange rate for the period	0.90389	0.88704

6.3.4. Intangible assets

Intangible assets mainly consist of software and operating licenses acquired by the Group. They are recognized at cost less accumulated amortization and impairment. Amortization expense is recorded on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives of both software and license agreements are between 3 and 5 years.

6.3.5. Property, plant and equipment

Property, plant and equipment are initially recognized at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Routine maintenance costs are expensed as incurred.

Subsequently, depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. If components of property, plant and equipment have different useful lives, they are accounted for separately. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Estimated useful lives are as follows:

Scientific equipment	Between 4 and 12 years
Computer equipment	4 years
Furniture	10 years
Vehicles	6 years

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item. The net amount is recognized in the consolidated statement of operations under the line item "Other operating income" or "Other operating expenses."

6.3.6. Leases

GENFIT is a lessee in a number of lease contracts (see section 6.6. - "Property, plant and equipment").

6.3.6.1. Finance leases

If, according to the terms of a lease, it appears that substantially all the risks and rewards incidental to ownership are transferred from the lessor to the lessee, the leasing contract is qualified as a finance lease. The associated leased assets are initially recognized as an asset at their fair value or present value of the minimum lease payments due under the contract, if this is lower, and are subsequently depreciated or impaired, as necessary. The resulting financial liabilities are reported in the line item "Non-current loans and borrowings" and "Current loans and borrowings".

6.3.6.2. Operating leases

A lease is classified as an operating lease if it does not transfer to the lessee substantially all the risks and rewards incidental to ownership.

Payments made under operating leases are expensed on a straight-line basis over the term of the lease.

Lease incentives received such as rent-free periods or uneven lease payments are spread on a straight-line basis over the term of the lease.

6.3.7. Impairment of tangible assets, intangible assets and goodwill

If indicators of impairment are identified, amortizable intangible assets and depreciable tangible assets are subject to an impairment test under the provisions of IAS 36, *Impairment of Assets*.

The Group no longer has any goodwill.

6.3.8. Financial instruments

In relation to the management of its exchange rate risk, the Company may use financial instruments which are presented and used in accordance with IAS 39, Financial Instruments Recognition and Measurement.

Instruments are measured and recognized at fair value. Market values are determined on the basis of valuations communicated by external and independent experts. Changes in the fair value of these instruments are always recorded in profit or loss, except in the case of hedging relationships relating to future cash flows.

When a derivative financial instrument has not been (or is no longer) classified as a hedge, its successive changes in fair value are recognized directly in profit or loss for the period in the "financial expenses" account.

6.3.9. Inventories

The Company recognized inventory in connection with its co-research agreements. Since this activity ended in 2015, inventories of laboratory consumables continued to decrease.

These inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

In connection with its development activities, the Company contracts for the manufacture of the active ingredients, and the therapeutic units resulting from their transformation or acquired are recognized as expenses starting from their acquisition insofar as these products are used in the research cycle.

6.3.10. Trade & other receivables

Trade and other receivables are recognized at fair value, which is the nominal value of invoices unless payment terms require a material adjustment for the time value discounting effect at market interest rates. Trade receivables are subsequently measured at amortized cost. A valuation allowance for trade receivables is recognized if their recoverable amount is less than their carrying amount.

Receivables are classified as current assets, except for those with a maturity exceeding 12 months after the reporting date.

6.3.11. Other financial assets

Loans and receivables are fixed or determinable securities not listed on an active market and are valued using the amortized cost method.

The liquidity agreement consists of a share buyback program contracted to an investment service provider. Purchases and sales of the Company's own shares carried out under the contract are recognized directly in shareholder's equity.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized in other comprehensive income except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. At that time the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

6.3.12. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments. They are readily convertible to a known amount of cash and thus present a negligible risk of a change in value. They also include UCITs (OPCVM) whose characteristics allow them to be classified as financial assets available for sale.

Initially recognized at their purchase cost at the transaction date, investments are subsequently measured at fair value. Changes in fair value are recognized in net financial income.

6.3.13. Equity

Share capital comprises ordinary shares and ordinary shares with double voting rights classified in equity. Costs directly attributable to the issue of ordinary shares or share options are recognized as a reduction in equity.

6.3.14. Loans & borrowings

Financial liabilities are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

The Group derecognizes financial liabilities when the contractual obligations are discharged or cancelled or expire.

The bonds convertible or exchangeable into new or existing shares (OCEANE) are recognized as follows: in accordance with IAS 32: Financial Instruments – Presentation, if a financial instrument has different components the characteristics of which some could be classified as liabilities and others as equity, the issuer must recognize the different components separately depending on their nature.

The liability component is measured, at the date of issuance, at its fair value in accordance with IAS 39, Financial Instruments: recognition and measurement on the basis of future contractual cash flows updated for market rates (taking into consideration the issuer's credit risk) of a debt having similar characteristics but without having the conversion or reimbursement in shares option.

The value of the conversion option is calculated by the difference between the bond's issue price and the fair value of the liability component. After deduction of the portion of expenses related to the transaction, this amount is recognized in the "issuance premium" under shareholders' equity and is subject to a calculation of deferred tax.

The liability component (after deduction of the portion of the expenses related to the transaction prorata to the respective parts attributed to liability and the conversion option) is measured at amortized cost. The interest expense on the liability is calculated as per the effective interest rate and recognized in the net results. The shareholders' equity component is not remeasured.

6.3.15. Trade & other payables

Trade and other payables are initially recognized at the fair value of the amount due. This value is usually the nominal value, due to the relatively short period of time between the recognition of the instrument and its repayment.

6.3.16. Provisions

Provisions are recognized when the Group has a present obligation (legal, regulatory, contractual or constructive) as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation, and of which the amount can be estimated reliably.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are discounted when the time value effect is material.

6.3.17. Employee benefits

The Group's pension schemes and other post-employment benefits consist of defined benefit plans and defined contribution plans.

6.3.17.1. Defined benefit plans

Defined benefit plans relate to French retirement benefit plans under which the Group is committed to guaranteeing a specific amount or level of contractually defined benefits. The obligation arising from these plans is measured on an actuarial basis using the projected unit credit method. The method consists in measuring the obligation based on a

projected end-of-career salary and vested rights at the measurement date, according to the provisions of the collective bargaining agreement, corporate agreements and applicable law.

Actuarial assumptions are performed to determine the benefit obligations. The amount of future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, pay increases and age at retirement, and then discounted to their present value. The discount rate used is the yield at the reporting date on AA credit-rated bonds with maturity dates that approximate the expected payments for the Group's obligations.

Re-measurements of the net defined benefit liability which comprise actuarial gains and losses are recognized immediately in the statement of other comprehensive loss.

The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

6.3.17.2. Defined contribution plans

Under defined contribution plans, the management of plans is performed by an external organization, to which the Group pays regular contributions. Payments made by the Group in respect of these plans are recognized as an expense for the period in the statement of operations.

6.3.17.3. Short-term employee benefits

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive undertaking to pay the amount as a result of past service provided by the employee, and the undertaking can be estimated reliably.

6.3.18. Revenues

Until and including in 2015, GENFIT recognized revenues from co-research alliances with partners in the pharmaceutical industry.

Until 2016, GENFIT recognized revenues from occasional provision of research services. Revenue recognized in 2017 related to the sub-lease of a part of its corporate headquarters.

6.3.19. Other income

6.3.19.1. Government grants

The Group received until 2016 various forms of government grants. This government aid is provided for and managed by French state-owned entities, and specifically "BPI France" ("Banque Publique d'Investissement"), formerly named "OSEO Innovation".

Subsidies received are non-refundable. Conditional advances received are interest-free or are subject to low interest rates depending on contractual provisions.

Grants related to assets

Grants related to assets are intended to finance the purchase of long-term assets. They are presented in the statement of financial position as deferred income and recognized in the line item "Other income" in the statement of operations on a systematic basis over the useful life of the related asset.

Grants related to income

Grants related to income are intended to finance research programs.

They are presented in the statement of financial position as deferred income and recognized in the line item "Other income" in the statement of operations as and when costs related to the research programs are incurred.

Conditional advances related to research programs

Conditional advances that are interest-free or subject to low interest rates are intended to finance research programs

In accordance with IAS 20, Accounting for government grants and disclosure of government assistance, the advantage resulting from interest-free or low interest rates as compared to a market interest rate is considered and accounted for as a government grant. A financial liability is recognized for proceeds received from the advance less the grant, and interest expense is subsequently imputed at market interest rate.

The grant portion of conditional advances is treated as a grant related to income.

For advances granted by BPI France, repayment is required in the event of commercial success. In addition, if GENFIT decides to stop the research program, the conditional advance may be repayable. If a program is unsuccessful, a pre-determined amount may be repayable. The remaining amount, if any, is then considered as a grant and written off in the line item "Other income" in the statement of operations.

Refundable advances

The interest-bearing advance has been provided by MEL ("Métropole Européenne de Lille"), formerly named LMCU ("Lille Métropole Communauté Urbaine" hereafter "Lille Metropolitan Urban Community") in order to support the Group. Repayment of the advance is required regardless of the circumstances.

6.3.19.2. Research tax credit

The Research Tax Credit ("Crédit d'Impôt Recherche", or "CIR") is granted to entities by the French tax authorities in order to encourage them to conduct technical and scientific research. Entities that demonstrate that their research expenditures meet the required CIR criteria receive a tax credit that may be used for the payment of their income tax due for the fiscal year in which the expenditures were incurred, as well as in the next three years. If taxes due are not sufficient to cover the full amount of tax credit at the end of the three-year period, the difference is repaid in cash to the entity by the authorities. If a company meets certain criteria in terms of sales, headcount or assets to be considered a small/mid-size company, immediate payment of the Research Tax Credit can be requested. GENFIT S.A. meets such criteria.

The Group applies for CIR for research expenditures incurred in each fiscal year and recognizes the amount claimed in the line item "Other income" in the statement of operations in the same fiscal year. In the notes to the financial statements, the amount claimed is recognized under the heading "Research tax credit" (see section 6.7. - "Trade and other receivables" and 6.17. - "Revenue and other income"). The CIR for fiscal years 2010, 2011, 2012 and 2014 was under audit by the tax authorities and proposed reassessments were made which the Group is contesting using the legal remedies available to it.(see section 6.23 - Litigation and contingent liabilities) Litigation and contingent liabilities

6.3.20. Research and development costs

Research expenses are recorded in the financial statements as expenses (see section 6.18. - "Operating expense").

In accordance with IAS 38, *Intangible Assets*, development expenses are recognized as intangible assets only if all the following criteria are met:

- Technical feasibility necessary for the completion of the development project;
- Intention on our part to complete the project and to utilize it;
- Capacity to utilize the intangible asset;
- Proof of the probability of future economic benefits associated with the asset;
- Availability of the technical, financial, and other resources for completing the project; and
- Reliable evaluation of the expenses attributed to the intangible asset during its development.

Since some of these criteria were not fulfilled, the Group did not capitalize any development costs.

6.3.21. Classification of operating expenses

Research and development expenses include:

- employee-related costs;
- costs related to external employees seconded to the Company (clinical development and IT);
- lab supplies and facility costs;
- fees paid to scientific advisers and contracted research and development activities conducted by third parties;
- grants to the endowment fund, The NASH Education Program™ earmarked in particular to finance the creation of a patient registry by Pinnacle Clinical Research, and
- intellectual property fees corresponding to the filing of the Group's patents.

Contracted research and development activities conducted by third parties include services subcontracted to research partners for technical and/or regulatory reasons. In particular, this includes the production of active ingredients and therapeutic units, all or a part of clinical trials and pre-clinical trials that are necessary to the development of GENFIT's drug candidates and biomarker candidates.

General and administrative expenses include:

- employee-related costs for executive, business development, intellectual property, finance, legal and human resources and communications functions;
- facility-related costs;
- legal, audit and accounting fees;
- fees paid to the company responsible for press relations and communication;
- the costs of external employees seconded to the Company (security and reception);
- other service fees (recruiting, etc.); and
- intellectual property fees corresponding to the maintenance of the Group's patents.

6.3.22. Share-based compensation

The fair value of equity settled share-based compensation granted to employees, officers, board members and consultants as determinate on the grant date is recognized as a compensation expense with a corresponding increase in equity, over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market performance conditions are expected to be met.

The fair values of equity settled share-based compensation granted to employees are measured using the Black-Scholes model with respect to the redeemable share warrants (BSAAR) and using the Monte Carlo model for the stock options (SO) and free shares (AGA). Measurement inputs include share price on the measurement date, the exercise price of the instrument, expected volatility, expected maturity of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). With respect to the redeemable share warrants, service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Regarding the stock options and free shares, market conditions are taken into account in the evaluation of the fair value for the allocation plans that provide for it. For share-based compensation awards with non vesting conditions, the grant date fair value of the share-based compensation is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

GENFIT may also grant equity-settled share-based compensation to consultants who are not considered employees in exchange for services. In such cases, the value of the services is measured when they are rendered by the consultants and the share-based compensation exchanged for the services is measured at an equal amount. If the value of the services cannot be measured reliably, then such value is measured with reference to the fair value of the equity instruments granted.

Share-based compensation granted to consultants consists of share warrants, some of which may be redeemed at GENFIT's discretion.
Share-based compensation granted to employees consists of redeemable share warrants, stock options and free shares.

6.3.23. Income tax

Income tax expense (income) comprises current tax expense (income) and deferred tax expense (income).

Deferred taxes are recognized for all the temporary differences arising from the difference between the tax basis and the accounting basis of assets and liabilities.

Deferred tax assets are recognized for unused tax losses, unused tax credits and temporary deductible differences to the extent that it is probable that future taxable profit will be available against which they can be used.

6.3.24. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to our ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive instruments (share warrants, redeemable share warrants, free shares, stock options and bonds convertible into new and/or existing shares).

6.3.25. Operating segments

The Board of Directors and Chief Executive Officer are the chief operating decision makers.

The Board of Directors and the Chief Executive Officer oversee the operations and manage the business as one segment with a single activity; namely the research and development of innovative medicines, the marketing of which depends on the success of the clinical development phase.

6.4. FINANCIAL RISKS MANAGEMENT

The Group may be exposed to the following risks arising from financial instruments: foreign exchange risk, interest rate risk, liquidity risk and credit risk.

6.4.1. Foreign exchange risk

As of the date of this document, the Group's exposure to exchange rate risk is moderate because the majority of its operations are denominated in euros, with the notable exception of the operations performed by GENFIT CORP in US dollars.

In the future, and in particular with respect its clinical trials, GENFIT S.A. might need to manage an increasing number of transactions denominated in other foreign currencies or indirectly exposed to currency risk, which will increase its overall exposure to this risk.

The increase in 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 Company; and
- the Group's foreign exchange risk policy.

During the fiscal year, the Company used several specific hedging arrangements (purchase of US dollars and UCITS in dollars, currency forwards in US dollars). However, if its currency exposure were to progress, the Company would consider putting in place appropriate hedging arrangements.

The following table shows the sensitivity of the Company's expenses in US dollars to a variation of 10% of the US dollar in 2016 and 2017:

Sensitivity of the Company's expenses to a variation of +/- 10% of US dollar	Year ended	
(in € thousands or in US dollar thousands) - for the period	2016/12/31	2017/12/31
Expenses denominated in US dollars	4 622	5 993
Equivalent in euros, on the basis of the exchange rate described below	4 385	4 997
Equivalent in euros, in the event of an increase of 10% of US dollar vs euro	4 872	5 552
Equivalent in euros, in the event of a decrease of 10% of US dollar vs euro	3 986	4 543

Equivalent in euros, on the basis of a 1 euro = 1,1993 US dollar ratio
Equivalent in euros, on the basis of a 1 euro = 1,0541 US dollar ratio

For the 2016 fiscal year, the net impact of the operational exchange rate risk amounted to a realized and unrealized foreign exchange gain of €100k, and for the 2017 fiscal year, an realized and unrealized foreign exchange rate loss of €705k, although these gains and losses do not predict the future impact of exchange rate risk.

6.4.2. Interest rate risk

To date, the Group is only liable for governmental advances or conditional advances with no interest or interest at a fixed rate, generally below market rate. Consequently, the Group is not significantly exposed to fluctuations in interest rates for their liabilities.

At December 31, 2017, the Group's financial liabilities totaled €163,752k (as of December 31, 2016: €6,252k). The only variable-rate loan was repaid during the period (the principal remaining at December 31, 2016 was €25k). The Group's exposure to interest rate risk through its financial assets is also limited, since these assets are mainly euro-denominated Undertakings for the Collective Investment of Transferable Securities (OPCVM), medium-term negotiable notes or term deposits with progressive rates.

6.4.3. Liquidity risk

The Group's loans and borrowings mainly consist of government advances for research projects, bank loans, and a bond. For conditional advances, reimbursement of the principal is subject to the commercial success of the related research project.

The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities. At December 31, 2017, the Group has €274,581k in cash and cash equivalents and other financial assets (as of December 31, 2016: €152,992k). The Group's net cash at December 31, 2017 amounted to €110,068k (€146,024k at December 31, 2016). In light of this amount at December 31, 2017, the Company does not believe in the short term that is has liquidity risk. In particular, the Company believes that its cash and cash equivalents and current financial instruments are sufficient to ensure its financing, in light of its current projects and undertakings, for the next twelve months.

However, these funds could prove insufficient to cover any additional financing needs, in which case new funding would be required. The conditions and arrangements for such new financing would depend, among other factors, on economic and market conditions that are beyond the Company's control.

6.4.4. Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset defaults on their contract 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.

6.5. INTANGIBLE ASSETS

Intangible assets mainly comprise office and administrative software as well as scientific software purchased by the Group.

Intangible assets - Movements (En milliers d'euros)	As of 31/12/2016	Increase	Decrease	Translation adjustments	Reclassification	As of 31/12/2017
Gross						
Software	1 688	268	(56)	0	0	1 900
Patents	21	0	0	0	0	21
Other intangibles	0	0	0	0	0	0
TOTAL - Gross	**1 709**	**268**	**(56)**	**0**	**0**	**1 921**
Accumulated depreciation & impairment						
Software	(1 020)	(298)	54	0		(1 264)
Patents	(21)	0	0	0		(21)
Other intangibles	0	0	0	0		0
TOTAL - Accumulated depreciation & impairment	**(1 042)**	**(298)**	**54**	**0**		**(1 285)**
TOTAL - Net	**668**	**(29)**	**(2)**	**0**	**0**	**636**

6.6. PROPERTY, PLANT AND EQUIPMENT

Immobilisations corporelles - Movements (En milliers d'euros)	As of 31/12/2016	Increase	Decrease	Translation adjustments	Reclassification	As of 31/12/2017
Gross						
Buildings on non-freehold land	0	11	0	0	0	11
Scientific equipment	6 078	3 546	(49)	0	0	9 576
Fittings	988	138	0	0	0	1 126
Vehicles	82	61	(44)	0	0	99
Computer equipment	1 475	211	(12)	0	281	1 954
Furniture	317	40	0	0	0	357
In progress	(0)	281	0	0	(281)	(0)
TOTAL - Gross	**8 940**	**4 287**	**(105)**	**0**	**0**	**13 123**
Accumulated depreciation & impairment						
Buildings on non-freehold land	0	(0)	0	0		(0)
Scientific equipment	(4 438)	(673)	48	0		(5 063)
Fittings	(657)	(65)	0	0		(722)
Vehicles	(29)	(17)	22	0		(24)
Computer equipment	(530)	(184)	11	0		(703)
Furniture	(276)	(9)	0	0		(285)
In progress	0	0	0	0		0
TOTAL - Depreciation & impairment	**(5 930)**	**(949)**	**81**	**0**		**(6 798)**
TOTAL - Net	**3 010**	**3 338**	**(24)**	**0**	**0**	**6 324**

Assets under finance lease contracts relate to scientific equipment. Their net carrying value as of December 31, 2017 amounts to €1,865k (at December 31, 2016: €417k).

Financial commitments - Operating leases

The minimum future lease payments for property rented under the Group's real estate operating leases (Loos, Paris and Boston) amounted to €1,072k at December 31, 2017 for the next 12 months:

Operating lease payments - group as lessee	Year ended	
(in € thousands)	2016/12/31	2017/12/31
Minimum payments - for the period	930	1 072

Operating lease commitments - group as lessee	As of	
(in € thousands)	2016/12/31	2017/12/31
Minimum payments - within 1 year	1 072	1 072
Minimum payments - after 1 year but no more than 5 years	4 289	3 832
Minimum payments - more than 5 years	725	293
TOTAL	**6 086**	**5 197**

GENFIT has guaranteed its rental payment obligation under the lease agreement for the headquarters in Loos in the amount of €455k at December 31, 2017 (same amount as of December 31, 2016).

Financial commitments – Capital leases

Minimum future payments under capital leases amount to:

Finance lease & hire purchase commitments	As of	
(in € thousands)	2016/12/31	2017/12/31
Minimum payments - Within 1 year	81	439
Minimum payments - After 1 year but not more than 5 years	314	1 489
Minimum payments - More than 5 years	0	0
Total - Minimum payments	**394**	**1 928**
Of which : Repayment - Within 1 year	79	420
Of which : Repayment - After 1 year but not more than 5 years	311	1 460
Of which : Repayment - More than 5 years	0	0
Total - Of which : Repayments	**390**	**1 880**
Of which : Interests - Within 1 year	1	18
Of which : Interests - After 1 year but not more than 5 years	3	29
Of which : Interests - More than 5 years	0	0
Total - Of which : Interests	**4**	**48**

6.7. TRADE AND OTHER RECEIVABLES

Trade & other receivables - Total	As of	
(in € thousands)	2016/12/31	2017/12/31
Trade receivables	81	61
Research tax credit	7 104	8 466
Social security costs receivables	22	3
VAT receivables	993	994
Grants receivables	23	13
Other receivables	171	340
TOTAL	**8 394**	**9 876**

Trade & other receivables - Current	As of	
(in € thousands)	2016/12/31	2017/12/31
Trade receivables	81	61
Research tax credit	7 104	6 545
Social security costs receivables	22	3
VAT receivables	993	994
Grants receivables	23	13
Other receivables	171	340
TOTAL	**8 394**	**7 955**

Trade & other receivables - Non-current	As of	
(in € thousands)	2016/12/31	2017/12/31
Trade receivables	0	0
Research tax credit	0	1 921
Social security costs receivables	0	0
VAT receivables	0	0
Grants receivables	0	0
Other receivables	0	0
TOTAL	**0**	**1 921**

At December 31, 2017, trade receivables neither past due nor impaired amounted to €49k compared with €44k as of December 31, 2016.

At December 31, 2017, past due trade receivables amounted to €12k compared with €37k at December 31, 2016.

At December 31, 2016, the part of trade receivables classified as doubtful accounts amounted to €74k.

During the period, a part of the trade receivables were classified as irrecoverable, in the amount of €1k.
Thus, at December 31, 2017, the part of trade receivables classified as doubtful accounts amounts to €73k.

A provision for depreciation was registered at December 31, 2016 and adjusted in an amount of €1k, bringing the amount to €61k at December 31, 2017.

Research tax credit

The research tax credit receivable as of December 31, 2017 includes:

- a partial payment of the assessment (€333k) due to an ongoing tax audit
- the balance of the amount due for the 2014 fiscal year (€1,140k)

- the balance of the amount due for the 2016 fiscal year (€447k), the two amounts are used as partial compensation with the assessment notices and the tax notice related to the 2014 CIR.

as described in section 6.23 - "Litigation and contingent liabilities".

The amount estimated at December 31, 2017 of the research tax credit receivable of €6,545k should be added to the preceding amounts.

6.8. OTHER FINANCIAL ASSETS

Financial assets - Total	As of	
(in € thousands)	2016/12/31	2017/12/31
Loans	190	219
Loan related security deposit	141	0
Deposits & guarantees	276	274
Liquidity contracts	109	267
TOTAL	**715**	**760**

Financial assets - Current	As of	
(in € thousands)	2016/12/31	2017/12/31
Loans	0	0
Loan related security deposit	141	0
Deposits & guarantees	33	31
Liquidity contracts	0	0
TOTAL	**174**	**31**

Financial assets - Non current	As of	
(in € thousands)	2016/12/31	2017/12/31
Loans	190	219
Loan related security deposit	0	(0)
Deposits & guarantees	243	243
Liquidity contracts	109	267
TOTAL	**541**	**729**

In order to make up for the withdrawal for regulatory reasons of Biotech Avenir from the liquidity agreement, GENFIT made an additional contribution of €250k to the liquidity agreement with CM-CIC Market Solutions.

6.9. OTHER ASSETS

Other assets of €1,761k at December 31, 2017 and €1,137 at December 31, 2016 correspond to prepaid expenses related to current operating expenses. This increase follows the increase in operating expenses in 2017.

6.10. CASH AND CASH EQUIVALENTS

The main components of cash equivalents were:

- UCITS and INTEREST-BEARING CURRENT ACCOUNT, available immediately;
- TERM ACCOUNTS, available within the contractual maturities or by the way of early exit;
- NEGOTIABLE MEDIUM TERM NOTES, available with a quarterly maturity or by the way of early exit.

These investments are short-term, highly liquid and subject to a low risk of changes in value.

Cash & cash equivalents	As of	
(in € thousands)	2016/12/31	2017/12/31
Short-term deposits	150 438	244 279
Cash & bank accounts	1 839	29 541
TOTAL	**152 277**	**273 820**

Short-term deposits	As of	
(in € thousands)	2016/12/31	2017/12/31
UCITS	57 130	38 052
TERM ACCOUNTS	75 937	138 967
NEGOTIABLE MEDIUM TERM NOTES	14 250	4 150
INTEREST BEARING CURRENT ACCOUNT	3 120	63 110
TOTAL	**150 438**	**244 279**

6.11. EQUITY

Common shares are classified under shareholders' equity. Any shareholder, regardless of nationality, whose shares are fully paid-in and registered for at least two years, enjoys double voting rights under the conditions prescribed by law (Article 32 of the Articles of GENFIT S.A.).

At December 31, 2017, 2,256,280 shares have been held for more than two years and entitle their holders to double voting rights (7.24% of the issued share capital).

Changes in share capital in 2017

On October 16, 2017, GENFIT SA issued OCEANEs (due October 16, 2022) for a nominal amount of €180 million. This transaction is recorded as a liability component and an equity component, the latter is measured at €19,960k (see section 6.12.2 Breakdown of loans and borrowings).

Changes in share capital in 2016

On February 29, 2016, pursuant to the 5th resolution of the Shareholders' Meeting of February 24, 2015, GENFIT SA increased its share capital through the private placement of 2,395,890 new shares representing a subscription of a total gross amount of €49,595k.

On October 6, 2016, in accordance with the 19th and 23rd resolutions of the Shareholders' Meeting of June 21, 2016, GENFIT SA increased its share capital through a private placement of 1,695,000 new shares, representing the subscription of a total gross amount of €33,900k.

On October 31, 2016, in accordance with the 15th resolution of the Shareholders' Meeting of June 21, 2016, GENFIT SA increased its share capital through a public offering with preferential subscription rights to existing shareholders of 3,116,643 new shares, representing the subscription of a total gross amount of €44,568k.

6.12. LOANS AND BORROWINGS

6.12.1. Breakdown of bond issue

On October 16, 2017, GENFIT SA issued OCEANEs (due October 16, 2022) for a nominal amount of €180 million.

Convertible loan - general overview	
Number of bonds	6 081 081
Nominal amount of the loan	179 999 997,60 €
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
Offering	10/16/2017 At par
Redemption	10/16/2022 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 pravailing conversion ratio (over a 20-trading period) exceeds 150% of the nominal value of the OCEANEs.

Current & non-current convertible loan	As of	
(in € thousands)	2016/12/31	2017/12/31
Convertible loan	0	154 940
TOTAL	**0**	**154 940**

Current convertible loan	As of	
(in € thousands)	2016/12/31	2017/12/31
Convertible loan	0	1 329
TOTAL	**0**	**1 329**

Non-current convertible loan	As of	
(in € thousands)	2016/12/31	2017/12/31
Convertible loan	0	153 611
TOTAL	**0**	**153 611**

The conversion of all of the convertible bonds would result in a dilution of 19.5% (expressed as a percentage of share capital).

6.12.2. Breakdown of loans and borrowings

Other loans & borrowings - Total	As of	
(in € thousands)	2016/12/31	2017/12/31
Refundable & conditional advances	3 549	3 407
Bank loans	1 941	3 488
Development loans with participation feature	345	0
Obligations under finance leases and hire purchase contracts	387	1 890
Accrued interests	7	3
Other financial loans and borrowings	24	24
TOTAL	**6 252**	**8 812**

Other loans & borrowings - Current	As of	
(in € thousands)	2016/12/31	2017/12/31
Refundable & conditional advances	180	178
Bank loans	614	1 209
Development loans with participation feature	345	0
Obligations under finance leases and hire purchase contracts	79	420
Accrued interests	7	3
Other financial loans and borrowings	24	24
TOTAL	**1 248**	**1 834**

Other loans & borrowings - Non current	As of	
(in € thousands)	2016/12/31	2017/12/31
Refundable & conditional advances	3 369	3 229
Bank loans	1 327	2 279
Development loans with participation feature	0	0
Obligations under finance leases and hire purchase contracts	307	1 469
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	**5 004**	**6 978**

All financial liabilities are denominated in euros.

6.12.2.1. Refundable and conditional advances

General overview

From 2006 to 2010, GENFIT received 12 conditional advances with BPI France. Advances are subject to nil or low interest rates and are intended to finance research programs described in 6.3.19.1 - "Government grants".

In addition, two refundable advances of €1,000k and €500k were granted in 2011 by the Hauts-de-France region and Lille Metropolitan Urban Community (LMCU).

Refundable & conditional advances - general overview (in € thousands)	Grant date	Total amount allocated	Receipts	Repayments	Other movements	Effets of discounting	Net book value 12/31/2017
BPI FRANCE - OLNORME 2	06/21/2007	200	200	(100)	(100)	0	0
Identification of novel ligands for orphan nuclear receptors from plant extracts							
BPI FRANCE - IT-DIAB	12/23/2008	3 229	3 229	0	0	0	3 229
Development of a global strategy for the prevention and management of type 2 diabetes							
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	12/14/2009	172	172	(73)	(98)	0	0
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	12/14/2009	172	172	(73)	(98)	0	0
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	02/17/2010	150	150	(64)	(86)	0	(0)
Innovation program							
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	11/24/2010	250	200	(134)	0	(2)	64
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	11/24/2010	250	200	(134)	0	(2)	64
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	11/24/2010	200	160	(108)	0	(2)	51
Research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases							
LILLE METROPOLITAN URBAN COMMUNITY	07/28/2012	500	500	(500)	0	0	0
To support the Company							
TOTAL		**5 122**	**4 982**	**(1 186)**	**(383)**	**(5)**	**3 407**

Receipts and repayments of refundable and conditional advances

Between January 1, 2017 and December 31, 2017, GENFIT repaid €166k of refundable and conditional advances.

In 2016, GENFIT repaid €133k of refundable and conditional advances.

Main terms of the contracts

BPI FRANCE OLNORME 2	This non-interest bearing advance is repayable in full (at 100% of its nominal value) in the event of technical and/or commercial success. As provided in the agreement, GENFIT has requested that LMCU ("Lille Metropolitan Urban Community") fully waive repayment of the advance, based on the industrial exploitation in the metropolitan area. In June 2016, the Company received a waiver of the advance of €100k. A grant was thus accounted for as of June 30, 2016.

BPI FRANCE IT-DIAB	The advance granted by BPI France was part of a framework innovation aid agreement involving several scientific partners and for which GENFIT 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. As regards GENFIT, the aid consists of: • a €3,229k repayable advance; • a €3,947k non-repayable government grant; 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 €3,229k advance[1]. Any further amounts will be classified as additional payments.
BPI FRANCE ADVANCE N°1 - AD-INOV 1 BPI FRANCE ADVANCE N°2 - AD-INOV 2 BPI FRANCE ADVANCE N°3 - AD-INOV 3	These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Regardless of the technical and / or commercial success, the attribution contract includes a minimum repayment clause up to: • advance n°1 : €35k • advance n°2 : €35k • advance n°3 : €30k Three partial failures were recorded in June 2016. The remaining amount due was thus waived by BPI France and accounted as an operating grant for an amount of €283k in 2016.
BPI FRANCE ADVANCE N°1 - OLNORME II - 1 BPI FRANCE ADVANCE N°2 - OLNORME II - 2 BPI FRANCE ADVANCE N°3 - OLNORME II - 3	These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Regardless of the technical and / or commercial success, the attribution contract includes a minimum repayment clause up to: • advance n°1 : €120k • advance n°2 : €120k • advance n°3 : €96k
LILLE METROPOLITAN URBAN COMMUNITY	This interest bearing advance is repayable monthly in accordance with the repayment schedule. The interest rate of this advance is 4.25%. At December 31, 2016, the entirety of this advance has been repaid.

6.12.2.2. Bank loans

1 The agreement stipulates that the repayable advance will be regarded as repaid in full when the total payments made in this regard by the recipient, discounted at the rate of 5.19%, equal the total amount, discounted at the same rate, of the aid paid.

Crédit Industriel et Commercial	In July 2017, GENFIT obtained a loan agreement of €1,000k. In September 2017, GENFIT drew down: • €500k ; • repayable in 60 monthly installments; • at a fixed interest rate of 0.69%. At December 31, 2017, the principal amount outstanding was €451k.
Crédit du Nord	In June 2017, GENFIT borrowed: • €600k ; • repayable in 48 monthly installments ; • at a fixed interest rate of 0.36%. At December 31, 2017, the principal amount outstanding was €525k.
Banque Nationale de Paris - Paribas	In April 2017, GENFIT obtained a loan agreement of: • €800k ; • repayable in 60 monthly installments ; • at a fixed interest rate of 0.87%. At December 31, 2017, the loan had not yet been drawn down.
Crédit Industriel et Commercial	In December 2016, GENFIT borrowed: • €264.6k; • repayable in 60 monthly installments ; • at a fixed interest rate of 0.69%. At December 31, 2017, the principal amount outstanding was €217k (at December 31, 2016, the loan had not yet been drawn down.)
Banque Nationale de Paris - Paribas	In October 2016, GENFIT borrowed: • €1,050k ; • repayable in 20 quarterly installments ; • at a fixed interest rate of 0.8%. At December 31, 2017, the principal amount outstanding was €945 (at December 31, 2016, the loan had not yet been drawn down).
Banque Neuflize OBC	In June 2016, GENFIT borrowed: • €500k ; • repayable in 12 quarterly installments ; • at a fixed interest rate of 1.10%. At December 31, 2017, the principal amount outstanding was €252k. (at December 31, 2016, €418k.)
Banque Nationale de Paris - Paribas	In June 2016, GENFIT borrowed: • €500k • repayable in 20 quarterly installments • at a fixed interest rate of 0.8%. At December 31, 2017, the principal amount outstanding was €377k (at December 31, 2016, €475k).
Crédit du Nord	In April 2016, GENFIT borrowed: • €500k • repayable in 60 monthly installments • at a fixed interest rate of 0.78%. At December 31, 2017, the principal amount outstanding was €335k (at December 31, 2016: €434k).

Crédit Industriel et Commercial	In March 2015, GENFIT borrowed: • €500k • repayable in 16 quarterly installments • at a fixed interest rate of 0.85%. At December 31, 2017, the principal amount outstanding was €158k (at December 31, 2016: €283k).
Banque Nationale de Paris - Paribas	In December 2014, GENFIT borrowed: • €500k • repayable in 20 quarterly installments • at a fixed interest rate of 2.00%. At December 31, 2017, the principal amount outstanding was €205k (at December 31, 2016: €305k).
Banque Neuflize OBC	In June 2014, GENFIT borrowed: • €150k • repayable in 12 quarterly installments • at an interest rate of 3 month EURIBOR + 2.50%. At December 31, 2017, the loan has been entirely repaid. (at December 31, 2016, €25k.)

Bank loans are used to finance research and laboratory equipment.

6.12.2.3. Development agreements with participation feature

In June 2010, BPI France granted GENFIT S.A. a development agreement with participation feature amounting to €2,300k over a 7 year period.
No repayment of principal was scheduled during the first two years.

The loan agreement contains a participation feature, which entitles BPI France to additional remuneration based on the revenues of GENFIT S.A. This additional remuneration is equal to 0.2294% of revenues.

This loan had an interest rate of 4.46% and was repaid in its entirety in June 2017.

6.12.3. Maturities of financial liabilities

Maturity of financial liabilities (in € thousands)	As of 2017/12/31	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	0	0	0	3 229	0	0
BPI FRANCE - AVANCE N°1 - OLNORME II - 1	64	64	0	0	0	0	0
BPI FRANCE - AVANCE N°2 - OLNORME II - 2	64	64	0	0	0	0	0
BPI FRANCE - AVANCE N°3 - OLNORME II - 3	51	51	0	0	0	0	0
TOTAL - Refundable & conditional advances	**3 407**	**178**	**0**	**0**	**3 229**	**0**	**0**
Convertible loans	154 940	1 329	0	0	0	153 611	0
Bank loans	3 488	1 209	1 037	687	442	114	0
Obligations under finance leases and hire purchase contracts	1 890	420	425	429	425	189	0
Accrued interests	3	3	0	0	0	0	0
Other financial loans and borrowings	24	24	0	0	0	0	0
TOTAL - Other loans & borrowings	**160 345**	**2 985**	**1 461**	**1 117**	**867**	**153 914**	**0**
TOTAL	**163 752**	**3 163**	**1 461**	**1 117**	**4 096**	**153 914**	**0**

6.13. TRADE AND OTHER PAYABLES

Trade & other payables - Total	As of	
(in € thousands)	2016/12/31	2017/12/31
Trade payables	13 341	19 053
Social security costs payables	2 562	4 217
Employee profit sharing	17	17
VAT payables	24	19
Taxes payables	187	241
Other payables	14	34
TOTAL	**16 146**	**23 580**

Trade & other payables - Current	As of	
(in € thousands)	2016/12/31	2017/12/31
Trade payables	13 341	19 053
Social security costs payables	2 562	4 217
Employee profit sharing	17	17
VAT payables	24	19
Taxes payables	187	241
Other payables	14	34
TOTAL	**16 146**	**23 580**

Trade & other payables - Non current	As of	
(in € thousands)	2016/12/31	2017/12/31
Trade payables	0	0
Social security costs payables	0	0
Employee profit sharing	0	0
VAT payables	0	0
Taxes payables	0	0
Other payables	(0)	0
TOTAL	**(0)**	**0**

6.14. PROVISIONS

At December 31, 2017, this line item amounted to €361k (at December 31, 2016: €167k).

The provisions recorded are mainly related to the research tax credit and the salary tax. See section 6.23 – "Litigation and contingent liabilities".

6.15. EMPLOYEE BENEFITS

In France, pension funds are generally financed by employer and employee contributions and are accounted for as defined contribution plans with the employer contributions recognized as expense as incurred. The Group has no actuarial liabilities in connection with these plans. Expenses recorded in the periods ended December 31, 2017 and December 31, 2016 amounted to €543k and €533k respectively.

French law also requires payment of a lump sum retirement indemnity to employees based on years of service and annual compensation at retirement. Benefits do not vest prior to retirement. The Group is paying this defined benefit plan. It 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. At December 31, 2017, pension provisions recorded were €936k as compared to €849k at December 31, 2016.

As part of the estimation 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)	2016/12/31	2017/12/31
Salary growth rate	4.%%	5.8%%
Discount rate	1.5%%	1.5%%

The discount rates are based on the market yield at December 31, 2017 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)	
Defined benefit obligation as of January 1, 2016	**743**
Current service cost	65
Interest cost on benefit obligation	13
Actuarial losses / (gains) on obligation	27
Past service costs	0
Defined benefit obligation as of December 31, 2016	**849**
Current service cost	76
Interest cost on benefit obligation	13
Actuarial losses / (gains) on obligation	210
Past service costs	(211)
Defined benefit obligation as of December 31, 2017	**936**

6.16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide the financial assets and liabilities carrying values by category and fair values as of December 31, 2017 and December 31, 2016:

	As of December 31, 2016						
	Carrying value				Fair value		
(in € thousands)	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	190		190			190	
Loan related security deposit	141		141			141	
Deposits & guarantees	276		276			276	
Trade receivables	81		81			81	
Cash & cash equivalents	152 277	152 277			152 277		
TOTAL - Assets	**152 963**	**152 277**	**687**	**0**	**152 277**	**687**	**0**
Liabilities							
Conditional advances	3 549			3 549			3 549
Bank loans	1 941			1 941		1 941	
Participating development loan	345			345		345	
Obligations under finance leases and hire purchase contracts	387			387		387	
Accrued interests	7			7		7	
Other financial loans and borrowings	24			24		24	
Trade payables	13 341			13 341		13 341	
Other payables	14			14		14	
TOTAL - Liabilities	**19 607**	**0**	**0**	**19 607**	**0**	**16 059**	**3 549**

	As of December 31, 2017						
	Carrying value				Fair value		
(in € thousands)	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	219		219			219	
Deposits & guarantees	274		274			274	
Trade receivables	61		61			61	
Cash & cash equivalents	273 820	273 820			273 820		
TOTAL - Assets	**274 375**	**273 820**	**555**	**0**	**273 820**	**555**	**0**
Liabilities							
Conditional advances	3 407			3 407			3 407
Convertible loans	154 940			154 940		154 940	
Bank loans	3 488			3 488		3 488	
Obligations under finance leases and hire purchase contracts	1 890			1 890		1 890	
Accrued interests	3			3		3	
Other financial loans and borrowings	24			24		24	
Trade payables	19 053			19 053		19 053	
Other payables	34			34		34	
TOTAL - Liabilities	**182 838**	**0**	**0**	**182 838**	**0**	**179 431**	**3 407**

6.17. REVENUE AND OTHER INCOME

Other income is broken down as follows:

Other income	Year ended	
(in € thousands)	2016/12/31	2017/12/31
Government grants	411	21
Research tax credit for the period	5 964	6 545
Other operating income	124	171
TOTAL	**6 499**	**6 737**

As described in section "6.23. - Litigation and contingent liabilities", the research tax credits for the fiscal years 2010, 2011 and 2012 were subject to a tax audit and proposed reassessments were made which the Group is contesting using the legal remedies available to it.

During the 2017 fiscal year, the Group recognized in other operating income €170k (2016 fiscal year: €116k) relating to the CICE (*Crédit d'impôt pour la compétitivité et l'emploi*), which is a tax credit implemented to enhance the competitiveness of businesses through the promotion of certain activities and employment. In 2017, the tax credit is equal to 7% of all wages paid to employees during the year in respect of salaries that do not exceed 2.5 times the French minimum wage (2016: 6%). In 2017, this tax credit was used to finance the increase in headcount and to purchase scientific equipment.

6.18. OPERATING EXPENSE

Operating expenses and other operating income (expenses) (in € thousands)	Year ended 2016/12/31	Of which: Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes…)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(32 959)	(1 894)	(19 187)	(7 334)	(3 876)	(667)	0
General & administrative expenses	(7 938)	(91)	(0)	(4 321)	(3 395)	(131)	0
Other operating income	(2)	0	0	0	0	0	(2)
Other operating expenses	(42)	0	0	0	(44)	(0)	2
TOTAL	**(40 941)**	**(1 985)**	**(19 187)**	**(11 656)**	**(7 315)**	**(799)**	**(0)**

Operating expenses and other operating income (expenses) (in € thousands)	Year ended 2017/12/31	Of which: Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes…)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(54 189)	(2 117)	(35 088)	(7 915)	(7 973)	(1 095)	0
General & administrative expenses	(9 421)	(112)	(7)	(5 491)	(3 374)	(437)	0
Other operating income	(9)	0	0	0	0	0	(9)
Other operating expenses	69	0	0	0	68	1	1
TOTAL	**(63 550)**	**(2 229)**	**(35 095)**	**(13 406)**	**(11 280)**	**(1 532)**	**(8)**

6.18.1. Employee expenses

Employee expenses	Year ended	
(in € thousands)	2016/12/31	2017/12/31
Wages and salaries	(8 398)	(9 267)
Social security costs	(3 181)	(3 996)
Pension costs	(65)	135
Share-based compensation	(11)	(278)
TOTAL	**(11 656)**	**(13 406)**

Number of employees at December 31

Number of employees at year-end - detail	Year ended	
	2016/12/31	2017/12/31
Average number of employees	108	123
Average age of employees	37 years 6 months	38 years 4 months
Number of employees		
Research & development	89	92
Administration & management	30	33
TOTAL	**119**	**125**

6.19. 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, 2015, 2016 and 2017 correspond to redeemable share warrants ("Bons de Souscriptions et/ou d'Acquisition d'Actions" or "BSAAR"), stock options ("SO") and free shares ("actions gratuities" or "AGA").

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

For the measurement of this share-based compensation pursuant to the standard, consultants are not considered to be employees.

Under these programs, holders of vested instruments are entitled to subscribe to shares of GENFIT at a pre-determined exercise price. All of the plans are equity settled.

The table below presents the share-based compensation for each of the programs.

Share-based compensation - Annual expense	Year ended		Total expense calculated	Total expense remaining
	2016/12/31	2017/12/31		
BSA 2014-A	**0**	**0**	**945**	**0**
Of which : expense related to non-executive officers	0	0	365	0
Of which : expense related to consultants	0	0	581	0
BSA 2014-B	**0**	**0**	**1 045**	**0**
Of which : expense related to non-executive officers	0	0	365	0
Of which : expense related to consultants	0	0	680	0
BSAAR 2014-A	**0**	**0**	**43**	**(0)**
Of which : expense related to executive officers	0	0	9	(8)
Of which : expense related to employees	0	0	34	8
BSAAR 2014-B	**0**	**0**	**191**	**0**
Of which : expense related to executive officers	0	0	35	(71)
Of which : expense related to employees	0	0	156	71
BSAAR 2014-C	**0**	**0**	**189**	**0**
Of which : expense related to executive officers	0	0	35	(70)
Of which : expense related to employees	0	0	154	70

Share-based compensation - Annual expense	Year ended		Total expense calculated	Total expense remaining
	2016/12/31	2017/12/31		
BSA 2015-A	**0**	**0**	**335**	**0**
Of which : expense related to non-executive officers	0	0	178	0
Of which : expense related to consultants	0	0	157	0
BSA 2015-B	**0**	**0**	**315**	**0**
Of which : expense related to non-executive officers	0	0	178	0
Of which : expense related to consultants	0	0	138	0

Share-based compensation - Annual expense	Year ended		Total expense	Total expense
	2016/12/31	2017/12/31	calculated	remaining
BSAAR 2016-A	**0**	**0**	**0**	**0**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	0	0	0	0
BSAAR 2016-B	**0**	**0**	**0**	**0**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	0	0	0	0
AGA D 2016-1	**2**	**38**	**113**	**73**
Of which : expense related to executive officers	1	19	20	0
Of which : expense related to employees	1	18	92	73
AGA D 2016-2	**1**	**17**	**51**	**33**
Of which : expense related to executive officers	0	9	9	0
Of which : expense related to employees	0	8	42	33
AGA S 2016-1	**2**	**44**	**133**	**87**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	2	44	133	87
AGA S 2016-2	**1**	**22**	**65**	**43**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	1	22	65	43
SO 2016-1	**4**	**83**	**249**	**163**
Of which : expense related to executive officers	2	40	40	(2)
Of which : expense related to employees	2	43	210	164
SO 2016-2	**2**	**38**	**113**	**74**
Of which : expense related to executive officers	1	18	18	(1)
Of which : expense related to employees	1	20	95	74
SO US 2016-1	**1**	**12**	**36**	**23**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	1	12	36	23
SO US 2016-2	**0**	**5**	**16**	**11**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	0	5	16	11

Share-based compensation - Annual expense	Year ended		Total expense	Total expense
	2016/12/31	2017/12/31	calculated	remaining
BSA 2017-A	**0**	**6**	**69**	**63**
Of which : expense related to non-executive officers	0	4	47	43
Of which : expense related to employees	0	2	22	20
BSA 2017-B	**0**	**3**	**70**	**67**
Of which : expense related to non-executive officers	0	2	48	46
Of which : expense related to employees	0	1	22	21
AGA S 2017-1	**0**	**0**	**0**	**0**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	0	0	0	0
AGA S 2017-2	**0**	**0**	**73**	**73**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	0	0	73	73
AGA D 2017-1	**0**	**0**	**35**	**35**
Of which : expense related to executive officers	0	0	4	4
Of which : expense related to employees	0	0	31	31
AGA D 2017-2	**0**	**0**	**89**	**89**
Of which : expense related to executive officers	0	0	11	11
Of which : expense related to employees	0	0	79	79
SO 2017-1	**0**	**2**	**57**	**55**
Of which : expense related to executive officers	0	1	10	9
Of which : expense related to employees	0	1	47	46
SO 2017-2	**0**	**3**	**146**	**143**
Of which : expense related to executive officers	0	1	26	24
Of which : expense related to employees	0	2	121	119
SO US 2017-1	**0**	**0**	**6**	**6**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	0	0	6	6
SO US 2017-2	**0**	**0**	**16**	**16**
Of which : expense related to executive officers	0	0	0	0
Of which : expense related to employees	0	0	16	16

Share-based compensation - Annual expense	Year ended		Total expense	Total expense
	2016/12/31	2017/12/31	calculated	remaining
TOTAL	**11**	**273**	**4 401**	**1 054**

6.19.1. Share warrants (*bons de souscription d'actions* or BSA)

The key terms and conditions related to each program are detailed in the following tables:

Share-based compensation Share warrants (BSA)	BSA 2014-A		BSA 2014-B	
	Officers (1)	Consultants	Officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014			
Date of the Executive board meeting	07/24/2014			
Total number of BSA granted	0	0	0	0
Nombre total de BSA subscribed	23 385	23 380	23 385	23 380
Share entitlement per option	1 warrant / 1 share			
Issue price	0,01 €			
Exercise price (2)	23,50 €			
Subscription period	From 08/01/2014 to 09/15/2017		From 01/02/2015 to 02/15/2015	
Exercise period	From 11/01/2014 to 09/30/2018		From 03/01/2015 to 02/28/2019	
Methods of exercise	Exercisable per tranches of a minimum number of BSA equal to 2 000 or a multiple of 2 000, except outstanding balance			
Valuation method used	Black & Scholes			
Expected dividends	0%			
Expected volatility	74,9%			
Risk-free interest rate	0,40%			
Expected life	4 years			
Estimated fair value - valued by expert opinion (3)	13,02 €			
Estimation of fair value as of December 31, 2014				
Period used for the estimation of the underlying share	As of 08/01/2014	From 08/01/2014 To 11/01/2014	As of 08/01/2014	From 08/01/2014 To 12/31/2014
Price of the underlying share	27,46 €	37,79 €	27,46 €	37,79 €
Estimated fair value - according to IFRS 2	15,61 €	24,84 €	15,61 €	24,85 €
Estimation of fair value as of December 31, 2015				
Period used for the estimation of the underlying share	-	-	As of 08/01/2014	From 01/01/2015 To 03/01/2015
Price of the underlying share	-	-	27,46 €	54,84 €
Estimated fair value - according to IFRS 2	-	-	15,61 €	40,09 €

(1) : Independant members of the Supervisory board.
(2) : Exercise price of the BSA 2014 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from July 07, 2014 to July 11, 2014, decreased by a discount of 5.00 %.
(3) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

Share-based compensation Share warrants (BSA)	BSA 2015-A		BSA 2015-B	
	Officers (1)	Consultants	Officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014			
Date of the Executive board meeting	01/09/2015			
Nombre total de BSA subscribed	0	0	0	0
Total number of BSA granted	7 015	5 845	7 015	5 845
Share entitlement per option	1 warrant / 1 share			
Issue price	0,01 €			
Exercise price (2)	35,95 €			
Subscription period	From 01/20/2015 to 02/25/2015		From 07/01/2015 to 09/15/2015	
Exercise period	From 06/01/2015 to 05/31/2019		From 12/01/2015 to 11/30/2019	
Methods of exercise	Exercisable per tranches of a minimum number of BSA equal to 2 000 or a multiple of 2 000, except outstanding balance			
Valuation method used	Black & Scholes			
Expected dividends	0%			
Expected volatility	74,9%			
Risk-free interest rate	0,40%			
Expected life	4 years			
Estimated fair value - valued by expert opinion (3)	14,64 €			
Estimation of fair value as of June 30, 2015				
Period used for the estimation of the underlying share	As of 01/09/2015	From 01/09/2015 To 06/01/2015	As of 01/09/2015	From 01/09/2015 To 06/30/2015
Price of the underlying share	43,12 €	44,84 €	43,12 €	44,20 €
Estimated fair value - according to IFRS 2	25,33 €	26,89 €	25,33 €	26,31 €
Estimation of fair value as of December 31, 2015				
Period used for the estimation of the underlying share	-	-	As of 01/09/2015	From 07/01/2015 To 12/01/2015
Price of the underlying share	-	-	43,12 €	38,09 €
Estimated fair value - according to IFRS 2	-	-	25,33 €	20,80 €

(1) : Independant members of the Supervisory board.
(2) : Exercise price of the BSA 2015 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from December 03, 2014 to December 09, 2014, decreased by a discount of 4.98 %.
(3) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

Share-based compensation Share warrants (BSA)	BSA 2017-A		BSA 2017-B	
	Officers (1)	Consultants	Officers (1)	Consultants
Date of the Shareholder's meeting	06/16/2017			
Date of the decision and delegation of the Board of Directors to the CEO	11/21/2017			
Date of the Executive board meeting	12/06/2017			
Nombre total de BSA subscribed	12 500	5 845	12 500	5 845
Total number of BSA granted	12 500	5 845	0	0
Share entitlement per option	1 warrant / 1 share			
Issue price	2,00 €			
Exercise price (2)	19,97 €			
Subscription period	From 12/11/2017 to 12/26/2017		From 07/01/2018 to 07/15/2018	
Exercise period	From 07/01/2018 to 06/30/2022		From 07/16/2018 to 07/15/2022	
Methods of exercise	Exercisable per tranches of a minimum number of BSA equal to 2 000 or a multiple of 2 000, except outstanding balance			
Valuation method used	Black & Scholes			
Expected dividends	0,0%			
Expected volatility	36,4%		35,7%	
Risk-free interest rate	0,00%			
Expected life	0,6 years			
Estimated fair value - valued by expert opinion (3)	3,78 €		3,81 €	
Estimation of fair value as of December 31, 2017				
Period used for the estimation of the underlying share	As of 12/11/2017			
Price of the underlying share	22,50 €			
Estimated fair value - according to IFRS 2	3,78 €		3,81 €	

(1) : Independant members of the Board of Directors.
(2) : Exercise price of the BSA 2017 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from October 20, 2017 to October 26, 2017, decreased by a discount of 5 %.
(3) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

The services performed by the consultants are mainly:

- to evaluate product development plans and propose, if necessary, changes to strategic or technical approaches;
- to advise the Company's management and the Scientific Board in identifying strategies and selecting drug candidates, based, in particular, on the scientific results obtained by GENFIT (new therapeutic targets, new compounds); and
- to assist and advise GENFIT in its alliance strategies, such as external growth-supporting synergies (acquisition of new competencies and the purchase of operating rights, drug candidates and innovative technologies, etc.).

6.19.2. Redeemable warrants (*bons de souscription et/ou d'acquisition d'actions remboursables* or BSAAR)

The key terms and conditions related to each program are detailed in the following tables:

Share-based compensation Redeemable share subscription warrants (BSAAR)	BSAAR 2014-A		BSAAR 2014-B		BSAAR 2014-C	
	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees
Date of the Shareholder's meeting	04/02/2014					
Date of the Executive board meeting	09/15/2014					
Total number of BSAAR granted Nombre total de BSAAR subscribed	0 5 901	0 9 299	0 17 822	0 5 416	0 18 711	0 5 568
Share entitlement per option	1 warrant / 1 share					
Issue price	5,61 €					
Exercise price (1)	23,50 €					
Subscription period	From 09/19/2014 to 10/15/2014		From 05/07/2015 to 05/29/2015		From 07/06/2015 to 07/31/2015	
Exercise period	From 09/15/2015 to 09/15/2018		From 09/15/2015 to 05/04/2019		From 09/15/2015 to 07/01/2019	
Methods of exercise	Exercisable by fraction of a number of BSAAR equal to 1/3 of the number held by each beneficiairy					
Valuation method used	Black & Scholes					
Expected dividends	0%					
Expected volatility	74,9%					
Risk-free interest rate	0,40%					
Expected life	4 years					
Estimated fair value - valued by expert opinion (2)	5,61 €					
Estimation of fair value as of December 31, 2014						
Period used for the estimation of the underlying share	From 10/10/2014 To 10/14/2014	From 10/10/2014 To 10/14/2014	As of 09/15/2014	As of 09/19/2014	As of 09/15/2014	As of 09/19/2014
Price of the underlying share	34,63 €	34,63 €	46,85 €	43,95 €	46,85 €	43,95 €
Estimated fair value - according to IFRS 2	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €
Estimation of fair value as of June 30, 2015						
Period used for the estimation of the underlying share	From 10/10/2014 To 10/14/2014	From 10/10/2014 To 10/14/2014	As of 09/15/2014	As of 09/19/2014	As of 09/15/2014	As of 09/19/2014
Price of the underlying share	34,63 €	34,63 €	46,85 €	43,95 €	46,85 €	43,95 €
Estimated fair value - according to IFRS 2	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €
Estimation of fair value as of December 31, 2015						
Period used for the estimation of the underlying share	From 10/10/2014 To 10/14/2014	From 10/10/2014 To 10/14/2014	As of 09/15/2014	As of 09/19/2014	As of 09/15/2014	As of 09/19/2014
Price of the underlying share	34,63 €	34,63 €	46,85 €	43,95 €	46,85 €	43,95 €
Estimated fair value - according to IFRS 2	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €

(1) : Exercise price of the BSAAR 2014 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from August 13, 2014 to August 19, 2014, decreased by a discount of 13.60 %.
(2) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

Share-based compensation Redeemable share subscription warrants (BSAAR)	BSAAR 2016-A Employees	BSAAR 2016-B Employees
Date of the Shareholder's meeting Date of the Executive board meeting	02/24/2015 07/22/2016	
Total number of BSAAR granted Nombre total de BSAAR subscribed	7 200 7 200	3 600 3 600
Share entitlement per option	1 warrant / 1 share	
Issue price Exercise price (1)	4,60 € 23,50 €	
Subscription period	From 07/25/2016 to 07/27/2016	
Exercise period	From 01/01/2018 to 07/27/2020	From 08/01/2019 to 07/27/2020
Methods of exercise	Exercisable by fraction of a number of BSAAR equal to 1/3 of the number held by each beneficiairy	
Valuation method used	Black & Scholes	
Expected dividends Expected volatility Risk-free interest rate Expected life	0% 75,4% 0,00% 4 ans	
Estimated fair value - valued by expert opinion (2)	4,60 €	

(1) : Exercise price of the BSAAR 2016 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from July 15, 2014 to July 21, 2016, decreased by a discount of 6.67 %.
(2) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

The exercise of the BSAAR 2016-A is subject to the following performance condition:
The Company will have, at the date it receives the exercise notice accompanied by the payment of the exercise price, the financial means to carry out its research and development programs, and at the least, its development program for elafibranor in NASH, until at least the end of 2018.

The exercise of the BSAAR 2016-B is subject to the following performance condition:
The Company will have published, on the date it receives the exercise notice accompanied by the exercise price, the main results of the RESOLVE-IT clinical trial for which it is the sponsor.

6.19.3. Free shares (*actions gratuites* or AGA)

The key terms and conditions related to each program are detailed in the following tables:

Share-based compensation Free shares (AGA)	AGA D 2016-1		AGA S 2016-1	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting Date of the Executive board meeting	06/21/2016 12/15/2016			
Total number of AGA granted	5 242	4 879	-	10 399
Acquisition period	From 12/15/2016 to 12/15/2018 or 12/15/2019			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation Expected dividends Expected volatility Risk-free interest rate Turnover rate	20,79 € 0% 63,0% 0,0% 15,00%			

(1) : Members of the Executive Board.

Share-based compensation Free shares (AGA)	AGA D 2016-2		AGA S 2016-2	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting	06/21/2016			
Date of the Executive board meeting	12/15/2016			
Total number of AGA granted	2 621	2 439	-	5 129
Acquisition period	From 12/15/2016 to 12/15/2019			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation	20,79 €			
Expected dividends	0%			
Expected volatility	63,0%			
Risk-free interest rate	0,0%			
Turnover rate	15,00%			

(1) : Members of the Executive Board.

Share-based compensation Free shares (AGA)	AGA D 2017-1		AGA S 2017-1	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting	06/16/2017			
Date of the decision and delegation of the Board of Directors to the CEO	11/21/2017			
Date of the Executive board meeting	12/06/2017			
Total number of AGA granted	2 000	14 646	-	10 822
Acquisition period	From 12/06/2017 to 12/31/2020			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation	21,95 €			
Expected dividends	0%			
Expected volatility	53,7%			
Risk-free interest rate	0,0%			
Turnover rate	15,00%			

(1) : Chief executive officer

Share-based compensation Free shares (AGA)	AGA D 2017-2		AGA S 2017-2	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting	06/16/2017			
Date of the decision and delegation of the Board of Directors to the CEO	11/21/2017			
Date of the Executive board meeting	12/06/2017			
Total number of AGA granted	1 000	7 321	-	5 407
Acquisition period	From 12/06/2017 to 12/31/2020			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation	21,95 €			
Expected dividends	0%			
Expected volatility	53,7%			
Risk-free interest rate	0,0%			
Turnover rate	15,00%			

(1) : Chief executive officer

The definitive allocation of free shares is subject to continued employment with the Company and performance conditions. These performance conditions are described in section 6.19.5 - "Performance conditions".

6.19.4. Stock options (*options de souscription d'actions* or SO)

The key terms and conditions related to each program are detailed in the following tables:

Share-based compensation Stock-options (SO)	SO 2016-1		SO US 2016-1	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting	06/21/2016			
Date of the Executive board meeting	12/15/2016			
Total number of SO granted	20 001	21 916	-	7 000
Exercise price	15,79 €		21,12 €	
Vesting period	From 12/15/2016 to 12/15/2019			
Exercise period	From 12/16/2019 to 12/16/2026			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation	20,79 €			
Expected dividends	0%			
Expected volatility	63,0%			
Risk-free interest rate	0,0%			
Turnover rate	15,00%			

(1) : Members of the Executive Board.

Share-based compensation Stock-options (SO)	SO 2016-2		SO US 2016-2	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting	06/21/2016			
Date of the Executive board meeting	12/15/2016			
Total number of SO granted	9 999	10 959	-	3 500
Exercise price	15,79 €		21,12 €	
Vesting period	From 12/15/2016 to 12/15/2019			
Exercise period	From 12/16/2019 to 12/16/2026			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation	20,79 €			
Expected dividends	0%			
Expected volatility	63,0%			
Risk-free interest rate	0,0%			
Turnover rate	15,00%			

(1) : Members of the Executive Board.

Share-based compensation Stock-options (SO)	SO 2017-1		SO US 2017-1	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting	06/16/2017			
Date of the decision and delegation of the Board of Directors to the CEO	11/21/2017			
Date of the Executive board meeting	12/06/2017			
Total number of SO granted	11 333	52 831	-	8 666
Exercise price	17,91 €		22,54 €	
Vesting period	From 12/06/2017 to 12/31/2020			
Exercise period	From 01/01/2021 to 12/31/2027			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation	21,95 €			
Expected dividends	0%			
Expected volatility	53,7%			
Risk-free interest rate	0,0%			
Turnover rate	15,00%			

(1) : Chief executive officer

Share-based compensation Stock-options (SO)	SO 2017-2		SO US 2017-2	
	Officers (1)	Employees	Officers (1)	Employees
Date of the Shareholder's meeting	06/16/2017			
Date of the decision and delegation of the Board of Directors to the CEO	11/21/2017			
Date of the Executive board meeting	12/06/2017			
Total number of SO granted	5 667	26 419	-	4 334
Exercise price	17,91 €		22,54 €	
Vesting period	From 12/06/2017 to 12/31/2020			
Exercise period	From 01/01/2021 to 12/31/2027			
Valuation method used	Monte Carlo			
Price of the share at the time of allocation	21,95 €			
Expected dividends	0%			
Expected volatility	53,7%			
Risk-free interest rate	0,0%			
Turnover rate	15,00%			

(1) : Chief executive officer

The definitive allocation of free shares is subject to continued employment with the Company and performance conditions. These performance conditions are described in section 6.19.5 - "Performance conditions".

6.19.5. Performance conditions

The stock option plans (SO and SO US) as well as certain free share plans (AGA "D") implemented in 2016 and 2017 are subject to internal performance conditions related to the progress of the Company's research and development programs, and to external performance conditions related to the evolution of the Company's stock price.

The other free share plans (AGA "S") are subject only to internal performance conditions.

6.19.5.1. Performance conditions of the 2016-1 and 2016-2 plans

Plans	Evaluation date for performance conditions	Nature of internal conditions

SO 2016-1 SO US 2016-1 AGA D 2016-1	12/15/2018 and/or 12/15/2019	66 2/3 % of the instruments will be exercisable or definitively allocated, regardless of the variation of the stock market price, in the following events: (i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in PBC) has revealed its first results and/or principal results and these results have been published; and (ii) if, on the date of the Allocation Decision, the authorization to launch at least one of the new clinical trials among the projected clinical trials has been obtained, either : • a clinical trial with elafibranor within a NASH subpopulation; or • a clinical trial with respect to fibrosis within the TGFTX4/repositioning program.
		Nature of external conditions
		33 1/3 % of the instruments will be exercisable or definitively allocated in proportion to the evolution of the stock market price of the Company, as follows : (i) if the Final Price is strictly lower than the Initial Price, the number exercisable or definitively allocated is equal to 0; (ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number exercisable or definitively allocated is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of instruments; (iii) if the Final Price is equal to or higher than the Ceiling Price, the number exercisable or definitively allocated is equal to the entire one-third of the instruments granted.

Plans	Evaluation date for performance conditions	Nature of internal conditions
AGA S 2016-1	12/15/2018 and/or 12/15/2019	The free shares will be definitively allocated upon meeting the same internal performance conditions as the SO 2016-1, SO US 2016-1 and AGA D 2016-1 plans.

Plans	Evaluation date for performance conditions	Nature of internal conditions
SO 2016-2 SO US 2016-2 AGA D 2016-2	12/15/2019	66 2/3% of the instruments will be exercisable or definitively allocated, regardless of the evolution of the stock market price if at least one of the three following conditions is met: (i) if an application for marketing authorization for a product (elafibranor in NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or (ii) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either: • Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for elafibranor (PBC); or • Clinical trials with a product in Phase II (Elafibranor) within a NASH subpopulation; or (iii) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company
		Nature of external conditions
		33 1/3% of the instruments will be exercisable or definitively allocated in proportion to the evolution of the stock market price, as follows:

		(i) if the Final Price is strictly lower than the Initial Price, the number exercisable or definitively allocated is equal to 0 (ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number exercisable or definitively allocated is equal to: [(Final Price / Initial Price)-1]/2 x 1/3 of number of instruments ; (iii) if the Final Price is equal to or higher than the Ceiling Price, the number exercisable or definitively allocated is equal to the entire one-third of the instruments granted.

Plans	Evaluation date for performance conditions	Nature of internal conditions
AGA S 2016-2	12/15/2019	The free shares will be definitively allocated upon meeting the same internal performance conditions as the SO 2016-2, SO US 2016-2 and AGA D 2016-2 plans.

6.19.5.2. Performance conditions of the 2017-1 and 2017-2 plans

Plans	Evaluation date for performance conditions	Nature of internal conditions
SO 2017-1 SO US 2017-1 AGA D 2017-1	12/31/2019	66 2/3 % of the instruments will be definitively allocated, regardless of the variation of the stock market price, in the following events: (i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in PBC) has revealed its first results and/or principal results and these results have been published; and (ii) if, on the date of the Allocation Decision, the authorization to launch at least one of the clinical trials among the projected clinical trials has been obtained, either : • a clinical trial with elafibranor within a NASH subpopulation; or • a clinical trial with respect to fibrosis with NTZ.
		Nature of external conditions
		33 1/3 % of the instruments will be exercisable or definitively allocated in proportion to the evolution of the stock market price of the Company, as follows : (i) if the Final Price is strictly lower than the Initial Price, the number exercisable or definitively allocated is equal to 0; (ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number exercisable or definitively allocated is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of instruments; (iii) if the Final Price is equal to or higher than the Ceiling Price, the number exercisable or definitively allocated is equal to the entire one-third of the instruments exercisable or definitively allocated.

Plans	Evaluation date for performance conditions	Nature of internal conditions

AGA S 2017-1	12/31/2019	The free shares will be definitively allocated upon meeting the same internal performance conditions as the SO 2017-1, SO US 2017-1 and AGA D 2017-1 plans.

Plans	Evaluation date for performance conditions	Nature of internal conditions
SO 2017-2 SO US 2017-2 AGA D 2017-2	12/31/2020	66 2/3% of the instruments will be exercisable or definitively allocated, regardless of the evolution of the stock market price if at least one of the three following conditions is met: (i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or (ii) if the launch of at least one clinical trial among the following is authorized by the EMA or the FDA, either: • Phase III clinical trials of or which aim to record a new product (NTZ program) or a new indication for Elafibranor (PBC); • Clinical trials with a product in Phase II (Elafibranor) within a NASH subpopulation; or (iii) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company.
		Nature of external conditions
		33 1/3% of the instruments will be exercisable or definitively allocated in proportion to the evolution of the stock market price, as follows: (i) if the Final Price is strictly lower than the Initial Price, the number exercisable or definitively allocated is equal to 0 (ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number exercisable or definitively allocated is equal to: [(Final Price / Initial Price)-1]/2 x 1/3 of number of instruments; (iii) if the Final Price is equal to or higher than the Ceiling Price, the number exercisable or definitively allocated is equal to the entire one-third of the instruments granted.

Plans	Evaluation date for performance conditions	Nature of internal conditions
AGA S 2017-2	12/31/2020	The free shares will be definitively allocated upon the same internal performance conditions as the SO 2017-2, SO US 2017-2 and AGA D 2017-2 plans.

6.20. FINANCIAL REVENUE AND EXPENSES

Financial revenue and expenses	Year ended	
(in € thousands)	2016/12/31	2017/12/31
Financial revenue		
Interest income	316	389
Foreign exchange gain	179	59
Other financial revenues	234	195
TOTAL - Financial revenue	**729**	**642**
Financial expenses		
Interest expenses	(110)	(1 381)
Interest expenses for financial leases	(0)	(10)
Foreign exchange losses	(79)	(764)
Other financial expenses	(13)	(13)
TOTAL - Financial expenses	**(203)**	**(2 168)**
FINANCIAL GAIN (LOSS)	**526**	**(1 526)**

6.21. INCOME TAX

6.21.1. Losses available for offsetting against future taxable income

At December 31, 2017, the tax loss carryforwards for GENFIT S.A, a French entity, amounted to €226,708k (€160,617k as of December 31, 2016).

Such carryforwards can be offset against future taxable profit within a limit of €1 million per year, plus 50% of the profit exceeding this limit. Remaining unused losses will continue to be carried forwards indefinitely.

6.21.2. Deferred tax assets and liabilities

No deferred tax asset is recognized in 2017 and 2016 as it is not likely that taxable profit will be available against which the deductible temporary differences and tax losses carryforwards can be utilized.

The Group's main sources of deferred tax assets and liabilities as of December 31, 2017 relate to:

- Tax losses carryforwards: €226,708k (compared to €160,617k as of December 31, 2016);
- Deductible temporary differences:
  - related to post employment benefits: €936k, or an impact of deferred tax assets of €262k (€849k, or an impact of deferred tax assets of €238k as of December 31, 2016);
  - related to the bond issuance: €275k, or an impact of tax loss carryforwards equal to €77k.

6.22. EARNINGS PER SHARE

Earnings per share	Year ended	
	2016/12/31	2017/12/31
Profit for the period - attributable to owners of the Company (in € thousands)	**(33 667)**	**(58 604)**
Weighted average number of ordinary shares for the period	26 854 565	31 166 437
Profit for the period - attributable to owners of the Company per share (in €)	**(1.25)**	**(1.88)**
Weighted average number of ordinary shares used in the above calculation	26 854 565	31 166 437

6.23. LITIGATION AND CONTINGENT LIABILITIES

Dispute over research tax credit calculation

1. Context

During 2014, the Company was the subject of an accounting audit at the end of which the auditing department questioned part of the Research Tax Credit (CIR) received by the Company further to expenditures incurred in 2010. The audit continued for the 2011 and 2012 CIR returns.

This tax audit was also extended to the 2014 CIR as part of a documentary audit who purposes was to apply the rules described below.

2. Subject matter of the dispute

The dispute with the French tax authorities pertains mainly to collaborative research alliances with companies in the pharmaceutical industry. The tax authorities contend that, in these alliances, the Company is acting as a sub-contractor, which should reduce the basis on which the CIR is computed by deducting amounts billed by the Company to the other party. The Company maintains that the contracts governing said collaborative research alliances include reciprocal provisions concerning intellectual property, the shared governance of the research programs, risk sharing, conditions governing the termination of the agreements and the terms of compensation, which demonstrate that they are not sub-contracting agreements.

3. Status of the tax audit

The Company received proposed adjustments in December 2014 (for the 2010 CIR) and in December 2015 (for the 2011 and 2012 CIR) to which the Company presented its observations in written letters in February 2015 and February 2016.

Following the administrative appeal and the departmental interlocution held in June 2016 and October 2016 respectively, the tax authorities partially granted the Company's arguments.

As a result, the research tax credit adjustment definitively totaled €566k for 2010, €623k for 2011 and €285k for 2012, to which must be added €5k related to the failure to apply a reverse charge.

On January 27, 2017, the Company received a tax assessment notice of €1,478k from the tax authorities.

The Company paid the amounts assessed by:

- paying an amount of €338k;
- requesting a set-off with the amount withheld in respect of its receivable from the 2014 CIR (€1,141k), which was only allowed up to a maximum of €693k in August 2017;
- requesting a partial set off of the amount due in respect of its receivable for the 2016 CIR which was allowed for an amount of €447k in August 2017.

The Company has filed two claims, on February 15, 2017 and October 6, 2017 contesting the aforementioned adjustments (€1,478k and €447k).

4. Potential liability

The Company, applying IFRS standards, calculated its potential liability should the tax authorites' interpretation with respect to the CIR of the audited and subsequent years. The mention of this potential tax liability in this Report and in the Notes to the 2017 half year consolidated financial statements included herein does not, under any circumstances whatsoever, constitute an acknowledgement of the tax authorities' arguments in this matter. On the basis of analyses conducted by third party experts, the Company believes that this potential tax liability could amount to €1,809k, out of the aggregate €20,695k in CIRs reported in the 2010 to 2015 financial statements.

Despite the payment made pursuant to the amounts in the assessment notice, the amount of the potential liability of €1,809k mentioned above remains unchanged due to the claims filed by the Company.

5. Provision

The Company has however recognized a provision for this litigation amounting to €106k for contracts, not including joint research alliances, which could be considered as sub-contracting for third parties that are themselves eligible for the research tax credit and for any adjustments related to the type of capital assets eligible for the CIR.

Dispute regarding social security contributions and other payments

Following an URSAAF (French social security administration) audit which began in September 2016 with respect to the 2013, 2014 and 2015 fiscal years, in November 2016, the Company received an observation letter containing a social security contribution reassessment in the amount of €5k which the Company contested in the amount of €4k before the Tribunal des Affaires Sociales (Social Affairs Court).

Dispute regarding payroll taxes

On November 2, 2017, GENFIT received an accounting audit notice regarding exclusively the payroll tax for 2014, 2015 and 2016. Pending the finalization of the review and based on the analysis of a specialized advisor, a provision of €249k has been recorded for taxes from 2015 to 2017.

6.24. RELATED PARTIES

Biotech Avenir SAS and the endowment fund, The NASH Education Program™, a GENFIT initiative are related parties within the meaning of IAS 24.9.

The registered office of Biotech Avenir SAS and that of The NASH Education Program™ are located at the same address as GENFIT S.A. These domiciliations are provided without charge.

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

At December 31, 2017, Biotech Avenir SAS held 6.06% of the share capital of GENFIT.

GENFIT did not carry out any transactions with Biotech Avenir in 2016 or 2017.

In addition to the cash contributed by GENFIT S.A. to the liquidity agreement put in place with CM-CIC Securities, Biotech Avenir SAS contributed GENFIT shares. Biotech Avenir SAS withdrew from this liquidity agreement as of December 1, 2017 in order to comply with the latest recommendations of the Autorité des Marchés Financiers.

The NASH Education Program™ endowment fund was created in November 2016 at the initiative of GENFIT to develop and finance disease awareness activities targeting medical professionals and the general public.

The transactions carried out in 2017 between GENFIT and the endowment fund The NASH Education Program™ and GENFIT's undertakings with respect to The NASH Education Program™ are described in note 6.26 – "Commitments".

6.25. COMPENSATION OF CORPORATE OFFICERS

By resolution of the General Shareholders Meeting on June 16, 2017, the shareholders adopted the change in mode of administration and management of the Company and decided to switch from the historical two-tiered GENFIT board structure (Executive Board and Supervisory Board) to a single board (Board of Directors).

As a result, the table below provides details of the compensation paid to the members of the Executive Board in 2016 and during the first half of 2017 as well as the Chairman and CEO in 2016 and 2017 for the financial years in which the relevant amounts were recognized in the statement of operations.

Compensation paid to members of the Executive Board for 2016 and the 1st half of 2017 and to the Chief Executive Officer in 2016 and 2017 (employers' contributions included) (in € thousands)	Year ended	
	2016/12/31	2017/12/31
Short-term employee benefits	2 841	1 476
Post-employment pension & medical benefits	377	199
Director fees Genfit Corp (net)	50	37
TOTAL	**3 268**	**1 712**

The changes in provision for pension liabilities relate to rates described in section 6.15. - "Employee benefits" and a related to the fact that the Chairman and CEO exercised his pension rights in September 2017 all the while retaining his position as Chairman and CEO.

The Chairman and CEO is entitled to a severance payment falling within the scope of article L.225-90-1 of the French commercial code, equal to six months' salary, calculated on the basis of the last 12 months' salary (excluding payments under the Incentive Plan) and increased by additional compensation of one months' salary per year of service with the Company (calculated on the same basis). This severance payment is capped at 2 years gross compensation (excludes exceptional payments under the Incentive Plan) paid with respect to the last fiscal year and subject to performance conditions. This commitment (gross amount and employer charges) at December 31, 2017 amounts to €1,260k.

GENFIT PHARMACEUTICALS SAS' executives do not receive any compensation since the company does not currently have any business activities.

6.26. COMMITMENTS

Deposits and guarantees

GENFIT has guaranteed its rental payment obligation under the lease agreement for the headquarters in Loos in the amount of €455k at December 31, 2017 (same amount at December 31, 2016).

Lease commitments

In 2016, CM-CIC Bail and the Company entered into a master agreement for the lease with option to purchase scientific equipment for a maximum amount of €2,000k.

This contract was amended with Amendment No 2 in November 2017 which reduced the amount to €1,735k and is valid until June 30, 2018. The difference in amount with the initial contract was borrowed through a loan of €264k.

In addition, in 2016, NatioCreditMur (BNP Paribas) and the Company entered into a master lease agreement of €1,050k, which was extended by amendments in 2017 until March 30, 2018.

At December 31, 2017, €2,151k was made available under these leasing agreements.

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 GENFIT is associated with university laboratories and other biotechnology companies. It therefore holds all the intellectual property rights over these 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 GENFIT 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 GENFIT and therefore able to use on a royalty free basis, but not exclusively, technologies developed by GENFIT under this program. The other historic partners have informed GENFIT 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 GENFIT teams having ended in May 2015.

Other liabilities

Pursuant to an agreement with effect from July 1, 2016, GENFIT S.A. decided to finance the creation by Pinnacle Clinical Research of a registry of NAFLD/NASH patients, which diseases are targeted by certain of the Company's drug and biomarker candidates. This donation, for a maximum amount of USD 1,582k is paid over the course of the creation of the registry on the basis of reporting periods.

GENFIT's goal in supporting the creation of this registry was to contribute to the improvement of scientific and medical knowledge around NAFLD and NASH. As a result, the Company decided on December 22, 2016, with effect from December 31, 2016, to assign the benefit and obligations of this agreement to its endowment fund, The NASH Education Program™. The NASH Education Program™ was created on November 3, 2016 to educate the medical community and patients on the lessons that can be learned from these patients, in accordance with its objectives.

For 2017, GENFIT granted to The NASH Education Program™ endowment fund a donation of €1,808k so that The NASH Education Program™ could honor the obligations under the transfer of registry donation and carry out the other planned disease awareness activities to patients and doctors.

6.27. EVENTS AFTER THE REPORTING PERIOD

None.

APPENDIX 2: COMPTES SOCIAUX ETABLIS EN NORMES COMPTABLES FRANCAISES POUR L'EXERCICE CLOS LE 31 DECEMBRE 2017

[INTENTIONALLY OMITTED]

APPENDIX 3: REPORT ON SOCIAL AND ENVIRONMENTAL RESPONSABILITY

[INTENTIONALLY OMITTED]

APPENDIX 4: REPORT OF THE INDEPENDANT THIRD PARTY ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND CORPORATE INFORMATION

[INTENTIONALLY OMITTED]

APPENDIX 5: BOARD OF DIRECTORS CHARTER

[INTENTIONALLY OMITTED]