

English version for information purposes only

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GENFIT

French public limited company (*Société Anonyme*)
governed by a Board of Directors,
with share capital of 9 714 654.25 euros
Registered Office: 885 avenue Eugène Avinée, 59120 Loos – France
424 341 907 R.C.S Lille Métropole

**REPORT OF THE BOARD OF DIRECTORS
TO THE MEETING OF THE HOLDERS OF THE BONDS CONVERTIBLE INTO NEW SHARES
AND/OR EXCHANGEABLE FOR EXISTING SHARES ISSUED ON 16 OCTOBER 2017 DUE 16
OCTOBER 2022 (THE “OCEANE”s)**

OF 25 JANUARY 2021

Ladies and Gentlemen,

Dear holders of the OCEANEs (the “**Bondholders**”) of the company GENFIT S.A. (the “**Company**”),

We have convened you in a general meeting (the “**Bondholders’ Meeting**”) at the Company’s headquarters located Parc Eurasanté, 885 avenue Eugène Avinée in Loos (59120), on 25 January 2021 at 5:30 p.m. (Paris time), to deliberate on the following agenda.

In the context of the current public health crisis relating to the Covid-19, in accordance with the provisions of Ordinance no. 2020-1497 of 2 December 2020 extending and amending the Ordinance No. 2020-321 of 25 March 2020 adapting the rules for meetings and deliberation of governing bodies of legal persons and entities without legal personality of private law due to the Covid-19 epidemic and as a precautionary measure, upon decision of the Board of Directors of the Company, the Bondholders’ Meeting will be exceptionally held behind closed doors, that is to say without the physical presence of Bondholders and other persons who are usually entitled to attend.

The description of the procedures which will allow Bondholders to participate in the Bondholders’ Meeting notwithstanding these exceptional measures required in order to comply with regulatory constraints and public health concerns, is set out in the second part of the conveying’s notice published in the *Bulletin des Annonces Légales Obligatoires* under number 151 on 16 December 2020 and which is available on the Company’s website (www.genfit.com).

We have convened this Bondholders’ Meeting, pursuant to the provisions of the French *Code de commerce* and the terms and conditions of the OCEANEs dated 11 October 2017 (each, a “**Condition**” and together, the “**Conditions**”), to deliberate on the following agenda:

I. POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY BONDHOLDERS’ MEETING:

- Approval of the amendments of the Conditions of the Bonds (**Resolution n°1**);
- Filing of the documents relating to the Bondholders’ Meeting (**Resolution n° 2**);

II. POWERS FOR FORMALITIES

- Powers to carry out formalities (**Resolution n°3**).

The purpose of this report is to present the draft resolutions submitted by the Board of Directors of the Company to the Bondholders’ Meeting. It is intended to present you the important points of the draft resolutions, in accordance with the applicable laws and regulations currently in force. IAs a

consequence, it does not purport to be exhaustive. You are advised to read the text of the draft resolutions carefully before exercising your right to vote.

These resolutions are presented to you within the context of (i) partial buyback of 47.6% of the outstanding OCEANEs for a total amount of €47.48 million (*i.e.* 2,895,260 OCEANEs out of the outstanding 6,081,081 OCEANEs, representing a nominal amount of €85,699,696 out of the nominal amount of €179,999,997.60) (the “**Partial Buyback**”) and (ii) the modification of the terms and conditions of the residual (following the partial buyback) OCEANEs (together, the “**Transaction**”) contemplated by your Company.

As you are already aware, this Transaction is critical to the continuity of the Company and to the appreciation of your investment. We therefore strongly recommend that as a shareholder, you take the time to understand the reasons and goals, as well as the process required to implement this initiative. This is in your interest as Bondholder.

By spending only €47.48 million, the Partial Buyback will allow the Company to reduce by almost half of the outstanding nominal amount of the OCEANEs, *i.e.* 47.6 % out of the 6,081,081 outstanding OCEANEs and c. €85.7 million in nominal amount. This result shows the substantial efforts conceded by the Bondholders to allow the Company to regain momentum in the implementation of its new strategy.

The Partial Buyback is subject to the approval by:

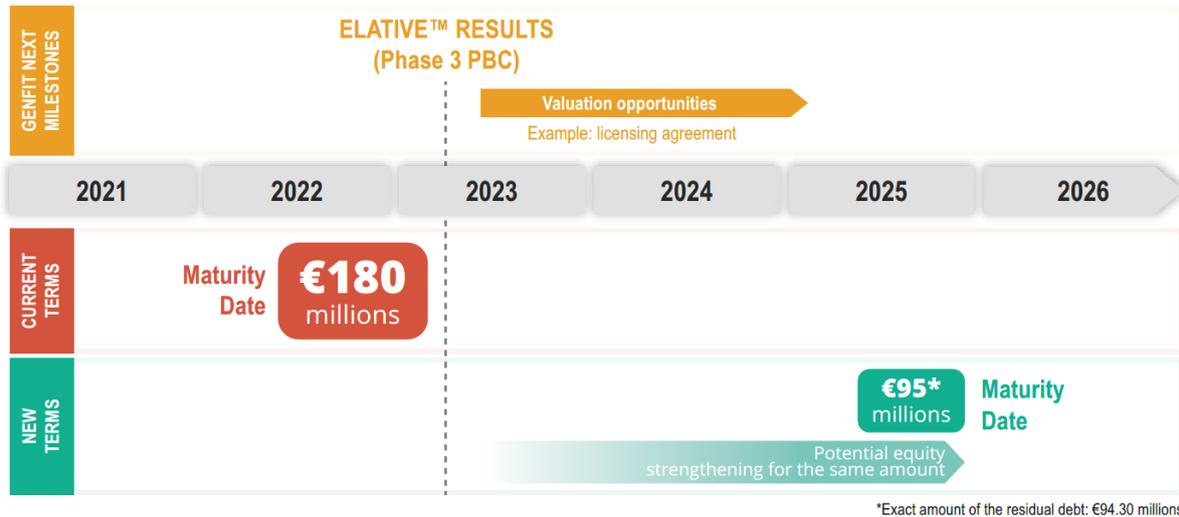
- **the shareholders of the Company** of the modification of the conversion ratio of the OCEANEs from 1 new or existing share for 1 OCEANE, to 5.5 new or existing shares for 1 OCEANE; and
- **the Bondholders** of the amendment of the Conditions of the OCEANEs, which is the purpose of this Bondholders’ Meeting, *i.e.*: (i) modification of the conversion ratio of the OCEANEs from 1 new or existing share for 1 OCEANE, to 5.5 existing or new shares for 1 OCEANE, (ii) 3 years-extension of the maturity initially set at 5 years starting 16 October 2017, *i.e.* 16 October 2022, to 8 years, *i.e.* 16 October 2025, (iii) deferral of the start date of the period during which the Company may redeem early the OCEANEs, as set out in Condition 10.3; and (iv) modification of the adjustment of the conversion ratio in case of tender offer targeting the shares of the Company, as set out in Condition 15.7.3, in order to take into account the maturity extension of the OCEANEs, the adjustment being calculated based over the period from the date of approval of the amendment of the terms and conditions of the OCEANEs (*i.e.* the date of the general assembly of the Bondholders of the OCEANEs) until the new maturity (*i.e.* 16 October 2025).

The increase of the initial conversion ratio (from 1 new or existing share for 1 OCEANE, to 5.5 new or existing shares for 1 OCEANE) is accompanied by an effective reduction of the OCEANEs conversion price from €29.60 to €5.38 per new share. This represents a conversion premium¹ of (i) 18.8 % compared to the closing share price on 4 December 2020 (€4.53), and (ii) a 32.2% premium compared to the volume weighted average price between 16 November and 20 November 2020 (*i.e.* the five trading days prior to the announcement of the final terms of the Transaction by the Company on 23 November 2020 (€4.07)).

The approval of the amendments of the OCEANEs terms will offer – should the proposal be accepted during the Bondholders’ Meeting and the extraordinary general meeting of the shareholders of the Company – the opportunity to minimize the financial constraint currently limiting the Company’s flexibility.

A favourable vote from the Bondholders and the shareholders will grant the Company greater operational control and the ability to promote and value elafibranor’s data in PBC should they be positive (Phase 3 ELATIVE™). The principle and the relevance of the Transaction may be summarized as follows:

¹ The conversion premium represents the difference between the share price and the conversion price of the OCEANE.



The terms of the Transaction are further detailed in the press releases published by the Company on 16 November, 23 November and 7 December 2020, the Consent Solicitation Memorandum published on 16 December 2020 and the Amendment to the Universal Registration Document filed with the French *Autorité des marchés financiers* (“AMF”) and the independent expert report, that will be published by the end of December 2020, to which you are invited to refer to.

This report is made available to the Bondholders at the registered office of the Company, on the website of the Company (www.genfit.com) and the centralising agent of the Transaction, BNP Paribas Securities Services – Grands Moulins de Pantin – CTO Service Assemblées – 9, rue du Débarcadère – 93761 Pantin Cedex, France, Email: paris_bp2s_cts_general_meeting@bnpparibas.com , in accordance with the Conditions and the applicable laws and regulations.

SUMMARY

I. POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE BONDHOLDERS' MEETING

- Approval of the amendments of the Conditions of the Bonds **-page 5-**
- Filing of the documents relating to the Bondholders' Meeting **-page 6-**

II. POWERS FOR FORMALITIES **-page 6-**

I. **POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE BONDHOLDERS' MEETING:**

a. **-Approval of the amendments of the Conditions of the Bonds.**

It is proposed, in resolution n°1, that the Bondholders' Meeting, deciding under the quorum and majority requirements for bondholders' general meetings pursuant to Condition 12, decides the following amendments of the Conditions (additions are shown in **blue** and deletions are shown in **red**):

- 3 years-extension of the maturity initially set at 5 years as from 16 October 2017, i.e. 16 October 2022, to 8 years, i.e. until 16 October 2025; consequently, Condition 10.1 is amended as follows:

*"Unless the Bonds have been the subject of an early redemption or purchase pursuant to the terms set out below and in the absence of the exercise of the Conversion/Exchange Right, the Bonds will be redeemed in full at par on 16 October 20~~22~~**25** (the "Maturity Date of the Bonds").*

If the Maturity Date of the Bonds is not a Business Day, the redemption price shall be paid on the next following Business Day.

*The term of the Bonds from the Issue Date of the Bonds to the Maturity Date of the Bonds is **five**~~eight~~ years",*

- deferral of the start date of the period during which the Company may redeem the Bonds before maturity, as set out in Condition 10.3.1 and initially set at 6 November 2020, to 6 November 2023; consequently, Condition 10.3.1 is amended as follows:

*"The Company may, at any time and at its option, from 6 November 20~~20~~**23** and until the Maturity Date of the Bonds subject to a minimum 30 calendar days' prior notice as set out in Condition 10.6 (Publication of information in the event of redemption at maturity or early redemption of the Bonds and exercise of the Conversion/Exchange Right), redeem early all (but not some only) the outstanding Bonds, at par plus accrued interest from the immediately preceding Interest Payment Date (or, if applicable, the Issue Date of the Bonds) to the date set for early redemption if the arithmetic mean (calculated over a period of 20 consecutive Trading Days chosen by the Company from among the 40 consecutive Trading Days immediately preceding the date of publication of the early redemption notice) of the daily product:*

(A) of the Volume-Weighted Average Price of the Share traded on Euronext Paris (or, in the absence of listing on Euronext Paris, on any other Regulated Market or any other similar market where the Share has its principal listing); and

(B) the Conversion/Exchange Ratio (as defined in Condition 15.1 (Nature of the Conversion/Exchange Right)) applicable at each date;

exceeds 150% of the par value of the Bonds, as verified by the Calculation Agent upon request by the Company.",

- modification of the adjustment of the conversion ratio in the event of a tender offer targeting the Company's shares set out in Condition 15.7.3 in order to take into account the maturity extension of the Bonds, the adjustment being calculated over the period from the date of approval of the amendment of the Conditions to the new maturity (i.e. 16 October 2025); consequently, Condition 15.7.3 is amended as follows:

"In the event that the Shares would be targeted by a public offer (in cash or in securities, in cash and securities, etc.) which may result in a Change of Control (as defined in paragraph 10.5) or filed following a Change of Control, and that the said offer would be declared admissible by the French Financial Markets Authority Autorité des marchés financiers (the "AMF") (or its successor), the Conversion/Exchange Ratio will be temporarily adjusted as determined by the Calculation Agent in accordance with the following formula (the result will be rounded pursuant to the method set out in Condition 15.7 (Preservation of Bondholders' Rights) above):

$$NCR = CR \times [1 + ICP \times (D1 / D2)]$$

where:

"NCR" means the new Conversion/Exchange Ratio applicable during the Adjustment Period in case of a Public Offer (as defined below) calculated to three decimal places by rounding to the nearest one-thousandth (with 0.0005 being rounded up to the nearest thousandth, i.e. 0.001);

"CR" means the previous Conversion/Exchange Ratio in effect prior to the Offer Opening Date (as defined below);

"ICP" means the initial conversion premium, expressed as a percentage, showing the par value of the Bonds compared to the reference price of the Shares used at the time the final terms of the Bonds were determined, i.e. 30.0%;

"D1" means the exact number of days left to run between the Offer Opening Date (inclusive) and 16 October 20~~22~~25, the Maturity Date of the Bonds (exclusive); and

"D2" means the exact number of days between the date of the Bondholders' general meeting authorising the amendment of the terms and conditions of the Bonds (25 January 2021)~~16 October 2017, the Issue Date of the Bonds~~ (inclusive), and 16 October 20~~22~~25, the Maturity Date of the Bonds (exclusive), i.e. ~~1,826~~1,725 days",

- modification of the conversion ratio of the Bonds, from 1 new or existing share for 1 Bond, to 5.5 new or existing shares for 1 Bond; consequently, Condition 15.1.2 is amended as follows:

"For the purpose of these Terms and Conditions:

The "Conversion/Exchange Ratio" is equal, ~~as at the Issue Date of the Bonds,~~ to 4.5.5 Shares for 1 Bond and may be subject to future adjustments in accordance with Condition 15.7 (Preservation of Bondholders' rights)."

Decisions set out in the paragraph above are subject to the approval by the Company's shareholders of the modification of the conversion ratio of the Bonds, which is increased from 1 new or existing share for 1 Bond, to 5.5 new or existing shares for 1 Bond.

b. Filing of the documents relating to the Bondholders' Meeting

It is proposed, in resolution n°2, that the Bondholders' Meeting decides, pursuant to Article R.227-74 paragraph 1 of the French *Code de commerce*, that the attendance sheet, the powers of the represented holders and the minutes of the Bondholders' Meeting will be deposited at the registered office of the Company in order to allow any holder to exercise the right of communication granted by the law.

II. POWERS TO COMPLETE FORMALITIES

It is proposed, in resolution n°3, that the Bondholders' Meeting grants full powers to the holder of an original, a copy, or an excerpt of the minutes of the Bondholders' Meeting for the purpose of completing all legal or administrative formalities and make all filings and publications relating to the above-mentioned resolutions required by applicable laws.

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Should you approve our various proposals, please confirm with your vote by adopting these resolutions that we will be read to you and that will be available for your inspection at the registered office during fifteen days preceding the Bondholders' Meeting, in accordance with the law.

The Chairman of the Board of Directors