

*This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.*

*This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## **Genfit**

Year ended 31 December 2020

### **Statutory auditors' report on the consolidated financial statements**

**GRANT THORNTON**

Membre français de Grant Thornton International  
29, rue du Pont  
92200 Neuilly-sur-Seine  
S.A.S. au capital de € 2 297 184  
632 013 843 R.C.S. Nanterre

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

**ERNST & YOUNG et Autres**

14, rue du Vieux Faubourg  
59042 Lille cedex  
S.A.S. à capital variable  
438 476 913 R.C.S. Nanterre

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

## Genfit

Year ended 31 December 2020

### 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 meeting, we have audited the accompanying consolidated financial statements of Genfit for the year ended 31 December 2020.

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 31 December 2020 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 Financial Statements* section of our report.

## ■ Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from 1 January 2020 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.

## Emphasis of Matter

We draw your attention to Note 2.2 to the consolidated financial statements entitled “Renegotiation of the debt related to the convertible bond (“OCEANES”, bonds convertible into or exchangeable for new or existing shares)” which describes the objectives and consequences of the renegotiation of the OCEANES bonds. Our opinion is not modified in respect of this matter.

## Justification of Assessments – Key Audit Matters

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

It is in this complex, evolving context that, 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.

## ■ Completeness of expenses related to subcontracted research and development activities (clinical trials)

Key audit matter	Our response
<p>As at 31 December 2020, operational subcontracting amounts to €39,216k.</p> <p>As stated in Note 19 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.</p>	<p>We familiarized ourselves with the processes in place for the monitoring of the costs of the subcontracted research and development activities and for the calculation of the provision for the year ended, based on the contracts signed with subcontractors, the invoicing booked, and the estimate of the services performed at closing date. We did this mainly through:</p> <ul style="list-style-type: none"><li>▶ interviews with the process owners,</li><li>▶ the performance of walkthroughs,</li></ul>

These costs are representative of the Genfit Group's activity and represent a significant proportion of the operating expenses in the Group's financial statements.

As stated in Note 19, the research and development costs take into account, on the basis of detailed information provided by the subcontractors and reviewed by the Group's internal departments, estimates of the subcontracting expenses incurred but not yet invoiced within the context of the clinical trials.

Management must therefore determine the amount of the provision to be recognized in this respect at year-end.

We considered this to be a key audit matter.

- ▶ the identification of the main controls in place.

We obtained the progress reports from the main subcontractors for the clinical trials and we compared them with the company's documentation used for the recognition of expenses and provisions.

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.

Finally, we performed tests using sampling techniques in order to reconcile the amounts of the estimates with the underlying evidence (contract information, invoices, and progress reports).

## ■ Identification and accounting treatment of the costs related to the termination of the Resolve-It clinical trial

Key audit matter	Our response
<p>As stated in Note 2.1 to the consolidated financial statements, the Genfit Group decided to terminate the Resolve-It clinical trial in July 2020.</p> <p>The costs related to the termination of this trial were recognized in the amount of €9.7m in the 2020 accounts and the remaining costs to be incurred are estimated at between €8m and €10m. They are material to the Group's financial statements and their estimation requires judgment:</p> <ul style="list-style-type: none"> <li>✓ Concerning the clinical trial, the company estimated the costs related to the termination of the trial and accounted for these costs in accordance with IAS 37 "Onerous contracts". According to this standard, at year-end the company is required to perform the necessary estimates and to use its judgment to determine the completeness of the associated costs still to be incurred and the amount to be recognized in this respect based on the expected future economic benefits.</li> <li>✓ Concerning the scientific equipment assigned to this trial, the company estimated the fair value of these assets in accordance with IAS 36 "Impairment of assets".</li> </ul> <p>We considered this to be a key audit matter.</p>	<p>We familiarized ourselves with the processes set up by Management to estimate the costs related to the termination of the Resolve-It clinical trial and we carried out the following procedures:</p> <ul style="list-style-type: none"> <li>▶ discussions with the Financial Management, the Clinical Management, the management controllers involved in the accounting process, and the General Management;</li> <li>▶ review of the documented analysis performed by the company on the completeness of the estimated termination costs;</li> <li>▶ review of the documented analysis performed by the company on the future economic benefits to flow from the termination costs and specifically from their alternative use for another trial in progress.</li> </ul> <p>Our work also consisted in obtaining:</p> <ul style="list-style-type: none"> <li>▶ For the main clinical suppliers selected based on sampling: reports produced by these suppliers, invoices, a statement of contractual commitments, contracts and analyses which we compared with the Group's estimate of the termination costs;</li> <li>▶ For the assets related in particular to the scientific equipment used for this trial: an offer to purchase the equipment.</li> </ul> <p>In addition, we performed analytical procedures in order to assess the consistency of the expenses and provisions by supplier and their trend in relation to the estimated termination costs.</p>

## Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

## Report on Other Legal and Regulatory Requirements

### ■ Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No. 2019/815 of 17 December 2018 to years beginning on or after 1 January 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

### ■ Appointment of the Statutory Auditors

We were appointed as statutory auditors of Genfit by the annual general meeting held on 20 June 2014 for GRANT THORNTON and on 26 June 2012 for ERNST & YOUNG et Autres.

As at 31 December 2020, GRANT THORNTON was in its seventh year and ERNST & YOUNG et Autres in its ninth year of total uninterrupted engagement (including seven 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 risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated 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 to the Audit Committee a report 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 Lille, 23 April 2021

The Statutory Auditors

*French original signed by:*

GRANT THORNTON  
*Membre français de Grant Thornton International*

ERNST & YOUNG et Autres

Jean Francois Baloteaud

Sandrine Ledez