

English version for information purposes only

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GENFIT

French corporation (*Société Anonyme*) governed by a Board of Directors
with share capital of €12,453,872.25

Registered Office: 885 avenue Eugène Avinée, 59120 Loos, France
424 341 907 R.C.S. Lille Métropole
(the "**Company**")

**SPECIAL REPORT OF THE BOARD OF DIRECTORS
REGARDING STOCK OPTIONS
AT THE COMBINED SHAREHOLDERS' MEETING OF MAY 25, 2022**

Dear Shareholders,

As part of the Combined Shareholders' Meeting, we have made available to you a special report that details, in accordance with article L. 225-184 of the French Commercial Code, transactions carried out pursuant to the provisions of articles L. 225-177 to L. 225-186 of the same Code, whereby the Extraordinary Shareholders' Meeting may authorize the granting of stock options to employees and executive officers of the Company, or to some of them.

As a reminder, the Company's Combined Shareholders' Meeting on June 30, 2021 in its 26th resolution, authorized the Board of Directors to grant stock options.

Prior to the deliberations of the Combined Shareholders' Meeting, the Board of Directors wishes to bring to your attention certain details regarding the implementation of this delegation of authority, which it has been granted.

To that end, you will find below the text of the 26th resolution of the Company's Combined Shareholders' Meeting on June 30, 2021:

"The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for extraordinary shareholders' meetings, after having deliberated and reviewed the report of the Board of Directors and the special report of the Statutory Auditors, and pursuant to articles L. 225-177 to L. 225-185 and L.22-10-56 to L.22-10-58 of the French Commercial Code;

1. Authorizes the Board of Directors to grant, on one or more occasions, subject to the abstention periods provided for by law, options granting entitlement to the subscription of new shares of the Company to be issued by means of a share capital increase or to the purchase of existing Company's shares resulting from buybacks realized pursuant to applicable law, to the benefit of employees and executive officers of the Company or of the groups provided in article L. 225-180 of the French

Commercial Code, or of some of them, and thus approves the implementation by the Board of Directors of one or more share subscription and/or purchase options plans within the frame set out below;

2. Decides that the options that may be granted pursuant to this authorization will not give rights, upon exercise, to the subscription or purchase of a total number of shares exceeding 400,000 shares, that is, a maximum share capital increase of €100,000; it being specified that this cap: (i) does not take into account any adjustment that may be made in accordance with applicable legal and regulatory provisions and, if applicable, with the contractual provisions providing for other adjustment cases to preserve the rights of the holders of securities or other rights giving access to the share capital; and (ii) shall be adjusted to take into account all transactions lowering the nominal value of the shares or increasing the number of shares that could take place before the allocation of the options;

3. Decides that the time period for exercising the options shall not exceed 10 years from the date of the allocation;

4. Decides that the exercise price of the options granted pursuant to this delegation shall be set on the day the options are allocated by the Board of Directors, it being specified that the exercise price of the options shall not be (i) lower than 80% of the average stock price during the twenty stock market trading days preceding the date upon which the options are granted; and (ii) only for stock options, lower than 80% of the average purchase price of the shares held by the Company, pursuant to articles L. 22-10-62 of the French Commercial Code;

5. Decides that the exercise price may only be modified throughout the duration of the options in case of implementation of the measures required to protect the interests of the beneficiaries of the options, pursuant to article L. 225-181 of the French Commercial Code;

6. Acknowledges that, for the benefit of the beneficiaries of the options, the Shareholders' Meeting's decision automatically implies shareholders' renunciation of their preferential subscription rights to shares that shall be issued as the options to subscribe are exercised;

7. Decides to grant full powers to the Board of Directors, with the option to delegate and sub-delegate under the conditions set forth by law, notably:

- to determine the eligibility, number and identity of the beneficiaries and the number of options granted to each of them;*
- to set, within the above-specified limits, the options exercise price and the time period during which the options may be exercised;*
- to set the exercise conditions and notably the performance conditions to which the exercise of the options allocated to the executive officers of the Company and to some managers of the Company and its subsidiaries shall be subject;*
- to require, if applicable, a time period during which the options shall not be exercised and/or a time period during which the acquired shares may not be transferred;*
- when determining the features of each plan, to take into account legal requirements, notably tax-related ones, applicable depending on the jurisdiction where the beneficiaries are located, notably, as far as the United States are concerned, the relevant provisions of the Federal Tax Code;*
- to define the rules of the options allocation plan;*
- to temporarily suspend the exercise of the options in certain circumstances;*

- *to take all necessary measures in order to preserve the rights of the beneficiaries of stock options, pursuant to any legal or regulatory provision;*
- *to set the entitlement date (date de jouissance), even retroactively, of the shares to be issued upon exercise of options;*
- *at its sole initiative, deduct the capital increase expenses on the amount of the premium relating to these issuances and to deduct from this amount the sums required to raise the legal reserve to one-tenth of the new share capital after each increase; and*
- *to record the completion of the increase(s) in the share capital resulting from the exercise of the options, complete any acts and formalities in order to finalize the increase(s) in share capital realized pursuant to this authorization, amend the bylaws accordingly and more generally take all decisions required in the context of this authorization, grant all delegations, and do all that is needed.*

The Board of Directors shall notify the shareholders each year during the Shareholders' Meeting, under the conditions set forth by law, of the transactions carried out in pursuant to this resolution.

The Shareholders' Meeting acknowledges that this delegation voids, from this day, any prior delegation of authority having the same purpose, i.e. any delegation relating to options to subscribe and/or purchase shares. This delegation therefore voids the delegation granted by the Shareholders' Meeting held on November 27, 2019 pursuant to its eighth resolution.

This authorization is granted for a period of 38 months from the date of this Shareholders' Meeting."

On October 18, 2021 the Board of Directors, subdelegating to the Chief Executive Officer ("CEO") in accordance with the provisions set out by law regarding the granting of stock options to employees of the Company, made use of these delegations to grant stock options to the benefit of (i) employees and the CEO of the Company and (ii) employees of the Company or its subsidiaries residing in the United States or otherwise subject to U.S. laws, regulations, and taxes.

(i) Grant of stock options to employees and the CEO of the Company

169,375 options were granted among the Company's 400,000 stock options authorized by the Combined General Meeting of June 30, 2021 (the "**2021 Stock Options**") to the benefit of 17 employees and the CEO of the Company (the "**2021 Stock Option Beneficiaries**");

The 2021 Stock Options may not be exercised by their beneficiaries until the end of a period ending on October 20, 2024 (the "**2021 Vesting Period**"), provided that the performance and continued presence at the Company conditions described in the "*Stock Options for Senior Management Employees – SO C 2021*" and "*Stock Options for the Chief Executive Officer – SO D 2021*" plan rules are met.

The 2021 Stock Options may be exercised after a period of seven years following the end date of the 2021 Vesting Period.

The 2021 Stock Options may only be exercised if the performance conditions are met as of October 20, 2024.

The 2021 Stock Options also may only be exercised if the 2021 Stock Option Beneficiaries remain employed with the Company on October 20, 2023.

For employees of the Company, the exercise price for exercising 2021 Stock Options is set at €2.61 per Stock Option, i.e. 80% of the arithmetical mean of the weighted average stock prices across the twenty trading sessions preceding the grant date.

For the CEO of the Company, the exercise price for exercising 2021 Stock Options is set at €3.26 per Stock Option, i.e. the arithmetical mean of the weighted average stock prices across the twenty trading sessions preceding the grant date.

By a decision on November 5, 2021, the CEO, acting on authorization from the Board of Directors, observed that all 2021 Stock Option Beneficiaries had accepted their grants, as well as all of the terms and conditions of the plan rules.

(ii) Grant of stock options to employees of the Company or its subsidiary residing in the United States or otherwise subject to U.S. laws, regulations, and taxes

32,500 options were granted among the Company's 400,000 stock options authorized by the Combined General Meeting of June 30, 2021 (the "**2021 US Stock Options**") to the benefit of 4 employees of the Company or its subsidiary residing in the United States or otherwise subject to U.S. laws, regulations, and taxes (the "**2021 US Stock Option Beneficiaries**");

The 2021 US Stock Options may not be exercised by their beneficiaries until the end of a period ending on October 20, 2024 (the "**2021 US Vesting Period**"), provided that the performance and continued presence at the Company conditions described in the "*Stock Options for US Senior Management Employees – SO 2021*" plan rules are met.

The 2021 US Stock Options may be exercised after a period of seven years following the end date of the 2021 Vesting Period.

The 2021 US Stock Options may only be exercised if the performance conditions are met as of October 20, 2024.

The 2021 US Stock Options also may only be exercised if the 2021 US Stock Option Beneficiaries remain employed with the Company on October 20, 2023.

In order to comply with American "**ISO**" (*Incentive Stock Options*) tax rules, the exercise price may not be less than the fair market value of the stock at the time of grant, a value which is generally the last closing price available at the time of grant.

The exercise price for exercising 2021 US Stock Options was set at €3.22 per Stock Option, which was volume weighted average price of the Company's stock on that day preceding the date on which the stock options were granted, i.e. the volume weighted average price on October 18, 2021.

By a decision on November 5, 2021, the CEO, acting on authorization from the Board of Directors, observed that all 2021 US Stock Option Beneficiaries had accepted their grants, as well as all of the terms and conditions of the plan rules.

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The Board of Directors