French public limited company ("Société Anonyme")
governed by a Board of Directors and a Supervisory Board,
with share capital of € 5.314.417, 75.
Company headquarters: Parc Eurasanté - 885, Avenue Eugène Avinée, 59120 Loos – France.
424 341 907 Trade and Companies Register of Metropolitan Lille

*English version for information only**

REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS' ANNUAL GENERAL MEETING

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2013

Dear Fellow Shareholders,

We remind you that pursuant to Article L 225-68 of the French Commercial Code, the Supervisory Board must submit to the Annual General Meeting of Shareholders its comments on the annual consolidated financial statements as approved by the Executive Board, as well as on the Board of Directors' report submitted to the General Meeting.

We would like to point out that the consolidated annual financial statements for the fiscal year ended 31 December 2013 and the consolidated Board of Directors' Report have been communicated to the Supervisory Board within the timeframe limits provided for by the legal and regulatory provisions.

The consolidated financial statements for the fiscal year ended 31 December 2013 have been drawn up according to International Financial Reporting Standards (IFRSs). It highlights the following items :

- Total of the consolidated financial statement : 29.151 thousands of euros
- Total amount of revenues : 5.967,4 thousands of euros
- Industrial revenues : 1.899,3 thousands of euros
- Net result for the year : (12.652,1) thousands of euros

During the year ended 31 December 2013, the business activity of the Company has been marked by the following main events :

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- **GFT 505 Program**

  - **International multi-centre Phase IIb clinical trial for GFT505 in NASH :**

    The study launched at the end of the third quarter of 2012 both in Europe and the United States with the objective of recruiting 270 patients was completed in line with targets.

    At the end of October 2013, the DSMB (Date Safety Monitoring Board): an international independent committee responsible for ensuring the safety of patients in this study analyzed data relating to the safety of use of GFT505 for the first patient population treated for over six months with GFT505 at a dose of 80 mg/day.

    Upon analyzing this data, the committee unanimously agreed that GFT505 presented no issues relating to safety of use that were likely to jeopardize the continuation of this study. A second phase of recruitment was therefore launched and completed in a few days.

    A dose of GFT505 at 120 mg/day is currently being administered to this second cohort of patients. In total, 275 patients were randomized, first and second recruited patient population taken together.

- **New preclinical datas :** The preclinical data obtained in January 2013 in human liver cells confirmed a large therapeutic potential of GFT505 that covers all stages of NASH through cirrhosis. The underlying anti-fibrotic activity identified on the occasion of these latest works opened the door to the compound evaluation, beyond NASH, in liver fibrosis/ cirrhosis linked to chronic viral hepatitis or to alcohol.

- **Other proprietary research efforts:**

  - **TGFTX1 Program :**

    In 2013 GENFIT identified and validated a new family of ligands of the ROR·t nuclear receptor. These new components inhibit secretion of the IL-17 cytokines produced by the Th17 lymphocytes thanks to the antagonist activity of the ROR·t nuclear receptor.

    These results represent a significant advance in development of new drug candidates for treatment of diseases involving the Th-17 pathway, such as psoriasis, multiple sclerosis, rheumatoid arthritis and chronic inflammatory diseases of the intestine.

  - **TGFTX3 Program :**

    At the end of 2012, the therapeutic activity of new proprietary components was demonstrated in in vivo models of Diabetes. Original synthetic ligands of the Rev-Erb··receptor were discovered, and GENFIT provided a pharmacological demonstration that these ligands regulate glucose metabolism. 2013 allowed confirmation this demonstration in several animal patterns of Type 2 diabetes, and continuation of its program of medicinal chemistry led to identification of more powerful RevErb· agonists having characteristics conforming to the established criteria for these medications.

  - **Biomarkers Programs :**

    In support of its therapeutic research programs, in 2013 GENFIT focused on identifying specific measurable biological parameters associated with establishment of Type 2 diabetes (BMGFT02) and NASH (BMGFT03) as early evidence of the risk of developing these diseases.

    In connection with the BMGFT02 program, several biomarker candidates related to progressing from a pre-diabetic stage to diabetes have been identified by means of transcriptomic technologies of the Company.

In the NASH area GENFIT is working to develop new diagnostic solutions making it possible to identify and stratify people who are sick or at risk so as to determine those who would be the most responsive to treatment. This work was carried out in two areas: the discovery of new biomarkers capable of replacing the liver biopsy, which still remains the only examination making it possible to diagnose the disease and develop algorithms combining the disparate group of existing but insufficient biomarkers.

In this perspective, GENFIT has cohorts available who are recruited in connection with the GFT505 phase IIb trials involving patients suffering from NASH of varying degrees of severity, which allow it to think of eventually developing companion tests and then in partnership, actual diagnostic tools.

- **Collaborative Research Program with Sanofi :**

The collaboration in progress, undertaken at the beginning of 2011 for a term of 3 years, aims by means of two separate programs to identify new molecules permitting correction of mitochondrial dysfunction associated with certain pathologies, including metabolic diseases, in a context in which the cellular mechanisms regulating energy production under normal conditions and the way in which they can adapt to stress, could have therapeutic potential in several pathologies, including metabolic diseases.

This tri-annual contract specifies that GENFIT is to receive annual payments aiding research as well as payment for various stages, based on progress in preclinical and clinical development, followed by registration and marketing of the drug candidates resulting from such collaboration, with total annual payments for aiding research and various stages that could represent up to €39,600,000, not including fees for future sales.

Two milestones in the scientific stages have accordingly been reached since the beginning of this last collaboration, each time resulting in payment by Sanofi for the stage. A first payment was made in January 2012 and a second one in January 2013.

- **Increases in Share Capital :**

2013 was marked by several successive increases in the share capital :

- The bond issue convertible into shares signed by the Company in December 2012, that could represent up to €8 million in 8 tranches of €1 million each, continued to be implemented during the first half of 2013 as follows:

  - The last bonds representing the first tranche of €1 million mobilized in December 2012 were converted; so that 274,971 new shares were created in January 2013, corresponding to an increase in capital in the amount of €0.85 million including the issue premium ;
  - The mobilization of tranches 2 to 7 of the bond borrowing made it possible to implement an additional increase in capital having a total gross amount of an additional €6 million, including the issue premium. The bonds corresponding to tranches 2 to 6 were converted and gave rise to the creation of 1,027,372 new shares. Half of the bonds corresponding to tranche 7 were converted into 93,845 new shares as of June 30, 2013; the last bonds corresponding to mobilization of the 7th tranche of the bond borrowing convertible into shares were converted into 113,217 new shares in July and August 2013 ;
  - At the same time, mobilization of tranches 2 to 7 of the bond borrowing gave rise to 6 increases in capital reserved for the Bondholder in the amount of 0.05 million €, realized as compensation for the claims representing its commitment fee for implementing each of these 6 tranches. They gave way, respectively, to the creation of 13,912, 10,804, 8,170, 8,561, 9,578 and 8,197 new shares.
  - 7 loan tranches of one million € each were accordingly mobilized. All of the bonds thus issued were converted into shares, which had the effect of putting an end to the residual debt linked to this bond borrowing, a debt that appeared in the accounts of June 30, 2013. GENFIT will not mobilize the ^{8th} tranche of this bond borrowing.
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- Lastly, the Company realized a capital increase by means of a private offering in April 2013 in the gross amount of €14.3 million, issue premium included, which led to creation of 2,933,448 new shares.

The Share Capital was thereby raised from €4,010,936.50 as of December 31, 2012 to €5,135,455.25 as of December 31, 2013, and the number of shares composing it went from 16,043,746 as of

December 31, 2012 to 20,541,821 as of December 31, 2013, having a par value of €0.25, entirely subscribed and fully paid in.

The development of the Company since the end of the fiscal year has been marked by the following events:

- **GFT505 Program :**
  - In January 2014, the effects of GFT505 on the proliferation of 21 cell lines of cancerous cells of human origin were evaluated in vitro. GFT505 blocked the proliferation of a great majority of these cells, suggesting that it might enable prevention, not only of development of cirrhosis, but also to decrease the associated risk of liver cancer.
  - In February 2014, the FDA (Food and Drug Administration) granted a "Fast Track" designation to the GFT505 project for treatment of NASH.
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- **Collaborative Research Program with Sanofi :** The good results obtained in 2013 made it possible to reach an additional scientific milestone in the month of January 2014, sanctioned by payment for a new stage.

- **Increases in share capital Augmentations de Capital :** In addition to the transactions carried out in 2013 and as announced at the time of the share capital increase through a private offering carried out in April 2013, the Company realized an increase in share capital with maintenance of the Preferential Subscription Rights of Shareholders, having a gross amount of 4,996,633 €, including the issue premium.

In consideration of the above, we do not have any specific observations to formulate with regard to the consolidated Executive Board's Report and the consolidated financial statements for the fiscal year ended 31 December 2013.

Loos, March 11, 2014,

The Chairman	A Supervisory Board's member
Mr. Xavier Guille des Buttes	

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