

This is a free translation into English of the Genfit 2015 Registration Document prepared in the French language and is for informational purposes only.



French *société anonyme* with an Executive Board and a Supervisory Board, and a share capital of
EUR 6,588,698.50

Split up into 26,354,794 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

REGISTRATION DOCUMENT



Approval of the Autorité des Marchés Financiers

The English version of this Registration Document is a free translation of the official “Document de Référence” prepared in French and registered on June 29, 2016 with the Autorité des marchés financiers (French financial markets regulator, hereinafter the “AMF”) under number R.16-062, 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:

- The Management Report of the Executive Board, the financial statements established in accordance with IFRS, as adopted in the European Union, for the year ended of December 31, 2014, and the Statutory Auditor’s report related thereto, as presented respectively in pages 3-55, 74-114 and 115-116 of the Annual Financial Report for the year ended December 31, 2014, published on April 3, 2015; and
- The financial statements established in accordance with IFRS, as adopted in the European Union, for the year ended December 31, 2013, and the Statutory Auditors’ reports related thereto, as presented in pages 129-169 and 214 to 215 as well as the reports of the statutory auditors on related-party agreements for the year ended December 31, 2013 presented in pages 1226-127, of Prospectus R.14-148, respectively, and registered by the AMF on April 14, 2014.

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>)

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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.

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.

This document and the documents referenced herein contain 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.

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 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Jean-François MOUNEY
Chairman of the Executive Board

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 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 June 29, 2016
Jean-François MOUNEY
Chairman of the Executive Board

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 Défense 1, FRANCE
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, FRANCE
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 Défense 1, FRANCE
Initial term of office began on:	Ordinary Shareholders' Meeting dated June 26, 2006
Appointment renewed on:	General 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

Auditex was initially represented by Mr. Christian Olivier until the firm's appointment was renewed on June 26, 2012.

Institut de Gestion et d'Expertise Comptable – IGEC

Represented by:	Mr. Vincent Papazian
Address:	3 rue Léon Jost - 75017 Paris, FRANCE
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.

IGEC was appointed following the resignation of Audit Flandres Artois, the latter of which was, at that time, represented by Mr. Olivier Verrue, who was appointed Statutory Auditor at the Ordinary Shareholders' Meeting dated June 26, 2012.

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

Over the course of the period covered by the historical financial information:

- Audit & Commissariat Aine & Deldique, at that time represented by Mr. Rémy Aine, appointed permanent Statutory Auditor at the Ordinary Shareholders' Meeting dated June 27, 2006, and reappointed at the General Shareholders' Meeting dated June 26, 2012, resigned from office effective as from the end of the Ordinary Shareholders' Meeting dated June 20, 2014;
- Audit Flandres Artois, at that time represented by Mr. Olivier Verrue, appointed alternate Statutory Auditor at the Ordinary Shareholders' Meeting dated June 26, 2012, resigned from office effective as from the end of the Ordinary Shareholders' Meeting dated June 20, 2014.

3 SELECTED FINANCIAL INFORMATION

The main financial information presented below originates from the consolidated financial statements of the Group for the fiscal years ended December 31, 2015, 2014, and 2013, prepared in accordance with the IFRS adopted by the European Union, presented in section 20 - "Financial Information" 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 Income Statement

Consolidated Data <i>(in thousands of Euro)</i>	12.31.2015 12 months	12.31.2014 12 months	12.31.2013 12 months
Total Revenue	4,358	6,776	5,967
Operating Income (Loss)	(17,676)	(17,259)	(10,514)
Financial Income	542	234	180
Income Tax	0	0	(2,318)
Net Income (Loss)	(17,135)	(17,025)	(12,652)

Simplified Consolidated Balance Sheet

Consolidated Data <i>(in thousands of Euro)</i>	12.31.2015 12 months	12.31.2014 12 months	12.31.2013 12 months
Non-current Assets	2,505	2,553	2,052
<i>of which property, plant & equipment</i>	1,324	1,333	1,000
<i>of which non-current financial assets</i>	612	1,060	702
<i>of which deferred tax assets</i>	0	0	0
Current Assets	66,753	83,813	27,099
<i>of which other current assets</i>	6,410	7,100	5,838
<i>of which cash and cash equivalents</i>	60,111	72,005	20,922
Total Assets	69,258	86,366	29,151
Shareholders' Equity	55,416	70,429	14,093
Non-current Liabilities	5,229	5,546	5,983
<i>of which non-current conditional advances</i>	3,638	3,660	4,131
<i>of which non-current financial liabilities</i>	844	1,270	1,397
Current Liabilities	8,613	10,391	9,075
<i>of which current conditional advances</i>	360	780	1,067
<i>of which current financial liabilities</i>	863	907	779
<i>of which suppliers</i>	5,275	5,900	5,454
<i>of which other current liabilities</i>	2,045	2,798	1,718
Total Liabilities	69,258	86,366	29,151

Simplified Consolidated Cash Flows Table

Consolidated Data <i>(in Euro thousands)</i>	12.31.2015 12 months	12.31.2014 12 months	12.31.2013 12 months
Net cash flows provided by (used in) operating activities	(14,870)	(15,445)	(9,191)
Net cash flows provided by (used in) investing activities	3,496	(5,006)	7,323
Net cash flows provided by (used in) financing activities	(520)	71,535	16,492
Increase / (decrease) in cash & cash equivalents	(11,894)	51,083	14,624

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.

However, investors' attention is drawn to the fact that other risks could exist, which, on the registration 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

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.

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 or biomarker 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.

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.

Moreover, the Company cannot guarantee that clinical trials that are authorized will be completed within the planned timeframes. 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 Company's activity, results, prospects, financial situation and development.

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 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.

Risks related to obtaining marketing authorization (MA)

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.

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.

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.

Risks inherent in the marketing of new drugs and biomarkers

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 MA 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 drug'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 drug's usefulness are very influential ;
- the cost of treatment ;
- an unsuitable reimbursement policy.

A competitor could launch a drug 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. This risk, however, will only materialize when the Company's products are on the market or close to being launched.

Risks related to potential changes in drug reimbursement conditions

A drug's commercial potential depends heavily on the conditions for its reimbursement. The successful marketing of a drug 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 new drugs, 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 sales performance.

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

Risks related to the search for new partnerships and dependence on current and future partners

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 groups for its drug candidates and biomarker candidates as from phase III. For Elafibranor, there are existing expressions of interest from biopharmaceutical companies, and early-stage discussions are ongoing.

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 pharma 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 ;
- 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 of the drug candidate or biomarker.

Risks related to maintaining and renewing the collaborative research agreements currently in force and/or signing new alliances of co-research

In terms of alliances on behalf of third parties, the Company has since its creation developed collaborative research agreements with leading pharmaceutical groups, including Sanofi, Merck KGaA, Laboratoires Pierre Fabre, Laboratoires Fournier (Solvay group, acquired by Abbott) and Servier. Some of these contracts have regularly been renewed over time. The last framework agreements for collaborative research concluded with this type of partner determine a phase of shared-research between the teams of both partners and are generally for a set duration of three years, during which the Company receives revenues that currently make up the bulk of the Company's sales.

Until recently, the Company also potentiated a part of its research efforts by relying on technology partnerships as part of national or European consortia alongside academic research institutions and other biopharmaceutical companies. The management of and participation in these consortia also generates steady revenue and funding for the Company in the form of operating grants and/or repayable advances. Given that, in the pharmaceutical industry, the trend is towards reducing the co-financing of research carried out further upstream, these two types of resources should continue to decrease.

Therefore, the Company may not be able to renew its collaborative research contracts and consortia agreements or may be unable to sign new agreements with new partners. The early termination of a contract, or the non-renewal of a contract or the Company's inability to find new partners would change the Company's sales forecasts and, consequently, its results forecasts. 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.

Risks related to the subcontracting of certain activities

The Company relies on third parties to carry out clinical trials and certain preclinical trials on its drug candidates and biomarker candidates.

The Company subcontracts to external service providers the performance of its clinical trials and certain preclinical trials on its drug candidates and biomarker candidates.

In particular, the Company subcontracts to third parties (CROs - Contract Research Organisations) the design and conducting of its clinical tests. The Company works notably with the companies Naturalpha and Premier Research in the design and organization of phase I and II clinical trials for its most advanced products.

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 establishing 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 own or operate a production unit.

The Company does not currently produce the drug candidates and biomarker 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).

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.

Should these third parties breach their obligations, the manufacturing contracts be cancelled or the Company fail to renew the contracts, the Company 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.

The Company could also be faced with delays or interruptions in its supplies, which could result in a delay in the clinical trials and, ultimately, a delay in the commercialization of the drug candidates or biomarker candidates that it is developing.

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 radioelements, 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.

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:

- Xavier Guille des Buttes, Chairman of the Supervisory Board ;
- Jean-François Mouney, Chairman of the Executive Board ;
- Nathalie Huitorel, Member of the Executive Board and Chief Financial Officer ;
- Dean Hum, Chief Operating Officer and Chief Scientific Officer ;
- Bart Staels, President of the Scientific Advisory Board ;
- Sophie Mégrien, Medical Director.

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 satisfied all of the Company's recruitment needs. 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.

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 that the Company is working on.

If rival 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

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 it 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 Company could lose.

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.

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.

Risk 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 states, 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 states. 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.

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 or 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.

Risks related to the use of the Company's trademark by third parties

The Company's trademark is a key component 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 this trademark, 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.

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.

Risk related to the Company's product liability

Given that the Company develops diagnostic and therapeutic products intended to be tested 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 diagnostic and therapeutic 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

Financial performance risks

Since its creation in 2006, the Group had consistently generated a net profit. Following the substantial investments required for its most advanced products, however, it has reported a net loss.

The Group uses external service providers whose tariffs may increase faster than the Company's revenues, especially for the conducting of clinical and preclinical trials and the production of drug or biomarker candidates, thus undermining the Group's net results.

Finally, the agreements signed with biopharmaceutical companies constitute an important source of revenue for the Company. Should the Company prove unable to extend these agreements or sign new ones, it could be forced to delve deeper into its own cash reserves.

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

Risks related to the Company's financing capacity

The development of the Company's programs calls for significant financial investments. The Company's ability to raise funds to ensure the ongoing development of its drug candidates or biomarker candidates is of utmost importance.

The Company could need 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 hepatobiliary disorders ;
- 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 additional funding, its business, results and development could be affected, and it could be forced to delay or discontinue the development or 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.

Liquidity risk

The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities. As of December 31, 2015, the Group has € 60,142k in cash and cash equivalents and current financial instruments. In light of this amount, at March 31, 2016, the Company does not believe in the short term that it has liquidity risk. 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 bank financing, but this would undermine the Company's financial structure. New funding could also take the form of a capital increase, which would dilute the holdings of existing shareholders.

The Group's net cash as of December 31, 2015 amounts to € 54,406k.

The table below shows the breakdown of the Group's net debt by maturity as of December 31, 2015 :

- Maturity of financial liabilities :

Conditional advances are made up entirely of public financing, mainly from BPI France to finance defined research programs. Those from "Région Nord Pas de Calais" and "Lille Metropole Communauté Urbaine" are intended to sustain the development of the Company. The elements related to these conditional advances are detailed in the next table:

Maturity of financial liabilities (in € thousands)	December 31, 2015	< 1 year	< 2 years	< 3 years	< 4 years	< 5 years	> 5 ans
BPI FRANCE - OLNORME 2	100	100	0	0	0	0	0
BPI FRANCE - IT-DIAB	3 229	0	0	0	0	3 229	0
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	88	32	38	0	0	0	0
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	88	52	46	0	0	0	0
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	77	46	40	0	0	0	0
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	138	12	38	44	0	0	0
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	138	50	63	50	0	0	0
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	110	40	50	40	0	0	0
LILLE METROPOLITAN URBAN COMMUNITY	28	28	0	0	0	0	0
TOTAL - Refundable & conditional advances	3 998	360	275	134	0	3 229	0
Bank loans	988	374	250	228	135	0	0
Development loans with participation feature	690	460	230	0	0	0	0
Accrued interests	24	24	0	0	0	0	0
Other financial loans and borrowings	5	5	0	0	0	0	0
TOTAL - Other loans & borrowings	1 707	864	480	228	135	0	0
TOTAL	5 705	1 223	755	363	135	3 229	0

The Company's financial assets are made up entirely of “dynamic” marketable securities comprising either “dynamic” money market funds, term deposits, negotiable medium-term notes, or mutual funds with at least a guaranteed capital return. These investments can be monetized at any time.

Cash & cash equivalents (in € thousands)	As of	
	2015/12/31	2014/12/31
Short-term deposits	59 683	71 480
Cash & bank accounts	428	525
TOTAL	60 111	72 005

Short-term deposits (in € thousands)	As of	
	2015/12/31	2014/12/31
UCITS	4 541	22 594
TERM ACCOUNTS	53 987	33 688
NEGOTIABLE MEDIUM TERM NOTES	1 050	11 800
INTEREST BEARING CURRENT ACCOUNT	105	3 398
TOTAL	59 683	71 480

The breakdown of the Group's financial liabilities as of December 31, 2015 is presented below:

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

Loans & borrowings - Total (in € thousands)	As of	
	2015/12/31	2014/12/31
Refundable & conditional advances	3 998	4 440
Bank loans	988	844
Development loans with participation feature	690	1 265
Obligations under finance leases and hire purchase contracts	0	28
Accrued interests	5	19
Other financial loans and borrowings	24	21
TOTAL	5 705	6 618

Loans & borrowings - Current (in € thousands)	As of	
	2015/12/31	2014/12/31
Refundable & conditional advances	360	780
Bank loans	374	264
Development loans with participation feature	460	575
Obligations under finance leases and hire purchase contracts	0	28
Accrued interests	5	19
Other financial loans and borrowings	24	21
TOTAL	1 223	1 687

Loans & borrowings - Non current (in € thousands)	As of	
	2015/12/31	2014/12/31
Refundable & conditional advances	3 638	3 660
Bank loans	614	580
Development loans with participation feature	230	690
Obligations under finance leases and hire purchase contracts	0	0
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	4 482	4 931

- Bank loans

The bank loans taken out in 2013, 2014 and 2015 totaled € 500k and will be fully paid back in 2019. The participating loan agreement taken out in 2010 for a total of € 2,300k will be fully reimbursed in 2017.

- Financial lease contracts

As of December 31, 2015, financial lease contracts expired.

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 close of the fiscal year concerned. Regarding the Research Tax Credit recognized for 2015 and future years, it is possible that the tax authorities could call into question the accelerated reimbursement allows to the Small and Medium Size Cies, 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.

At the date of this Registration Document and following a fiscal control on fiscal years ended December 31 2011, 2012 and 2013, as well as on Research Tax Credit for 2010, the Company received two reassessment proposals concerning the Research Tax Credit for 2010, 2011 and 2012. They state a potential recovery that could amount to a total of € 2,475k induced by evolution of the calculation methods advocated by the tax authorities for Research Tax Credit. The dispute primarily relates to co-research alliances concluded pharmaceuticals companies. The tax authorities contend that, in these agreements, the Company is acting a sub-contractor, which would result in reducing the basis on which the CIR is computed to the amounts billed by the Company to the other party.

The Company's claim initiated in February 2015 as regards the tax adjustment of CIR for the fiscal year 2010 (€ 1,141k) is still unanswered at the date of the present report and the Company is preparing a detailed answer of the same type as regards the tax adjustment of CIR for the fiscal years 2011 and 2012.

During the fiscal year 2015, the tax administration has nevertheless given a positive response to the request for early repayment of the Tax credit for research expenses 2014, after deduction, as a precautionary measure of the amount on the reassessment proposal linked to the CIR 2010.

In these circumstances, the Company, although confident in its position, has provisionally calculated the amount of the potential tax liability pertaining to the 2010 to 2015 CIR 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 € 2,018k, out of the total € 20,695.4k of CIRs in the 2010 to 2015 financial statements.

The mention of this potential tax liability in this Financial Annual Report and in the notes to the consolidated financial statements and to the annual financial statements for the year ended December 31, 2015 does not constitute in any form an acknowledgement of the tax authorities' arguments in this matter.

Thus, it cannot be excluded that the tax control on the CIR led to the questioning of the CIR for the controlled fiscal years and for subsequent fiscal years and therefore cannot be excluded that it could have an adverse effect on the Company's results, financial situation and prospects of the Company and Group.

The mention of this potential tax liability in this Registration Document and in the notes to the consolidated financial statements and to the annual financial statements for the year ended December 31, 2015 does not constitute in any form an acknowledgement of the tax authorities' arguments in this matter.

Other risks

Exchange rate risks

As of the date of this Registration Document, the Company's exposure to exchange rate risk is low because almost all of its operations are denominated in euros, except those realized in dollars by Genfit Corp. As such, \$1.3 million were purchased in 2015 in light of intragroup flows with Genfit Corp (\$0.6 million).

In the future, the Company could also be conducted to conclude more contracts denominated in other foreign currencies, which would increase its exposure to currency risk.

In accordance with the Company's business decisions, its exposure to this type of risk could change depending 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 ;
- its policy for insurance cover.

At present, the Company has not put any specific hedging arrangements in place. However, if its currency exposure were to change, the Company would consider implementing a procedure to manage its foreign exchange risk.

Market risks

The Company's exposure to interest rate fluctuations 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 SICAV money market funds. 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.

Interest rate risk

As of December 31, 2015, the Group's financial liabilities totaled € 5,705k of which one variable-rate loan contracted with Banque Neuflyze at a rate of the 3 month EURIBOR + 2.5% on which the principal owed at December 31, 2015 totalled € 75k. The exposure of the Company's financial assets to interest rate risk is also limited, since these assets are mainly euro-denominated money market funds (SICAV), 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.

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 stockmarkets 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 have been highly volatile and may continue to be highly volatile in the future.

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

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. As of the date of this Registration Document, the Company's stock option plan has lapsed. The BSA and BSAARs plans are however in effect. In the future, the Company could allocate or issue new capital instruments or securities providing access to its share capital.

As of the date of this Registration Document, the exercise of financial instruments giving access to the Company's share capital would enable the subscription of 180,734 new shares, representing approximately 0.75 per cent of the diluted 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.

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	Insurers	Risks covered	Insurance guaranties (in €)	Expiry date
<u>Directors and Company officers liability insurance</u> Policy 0007904132/0000 Amendment 7	AIG	Loss arising out of any complaint against an executive officer and defense of executive officers	15,000,000	automatically renewable
<u>Freight transport</u> Description		Overall ceiling per shipment		
		Per exhibition		
		After Sale Service		
<u>Property and Casualty insurance of the Company</u> <u>Policy companies - property damage</u> <u>"All risks except"</u> <u>013021171</u>	ALLIANZ IARD	Damages to property/ contents	7,152,000	automatically renewable
		theft	222,786	
		broken glass	44,757	
		machines breakdown	2,238,166	
		operating loss policy	12,000,000	
<u>Individual insurance accidents</u> Policy 012513003	ALLIANZ IARD	Per event	15,000,000	automatically renewable
		Accidental death	100,000	

<u>Operating and Product liability</u> Policy DB0000600919	CHUBB	Operating (before delivery)	7,622,451	automatically renewable
		Product (after delivery)	2,300,000	

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

The total expenses paid by the Group for all insurance policies were respectively € 107.32k and € 137.1k for the fiscal years ended on December 31, 2015, and 2014.

4.5 LEGAL AND ARBITRATION PROCEEDINGS

See Section 20.6 – “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 an Executive Board and a Supervisory Board. Operationally, 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 (0)3 20 16 40 00

Facsimile: +33 (0)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 SA is a French biopharmaceutical company established in Loos, France (near the city 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.

The Company mainly conducts its R&D activities within the framework of so-called "proprietary" research programs, for which it holds all intellectual property rights. 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, the gastrointestinal area. The Company's approach combines new

treatments with biomarkers. Elafibranor, the Company's most advanced proprietary compound, is currently undergoing Phase III clinical trials.

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 quite recently. Most intellectual property rights derived from the results obtained during said collaborations belong to the partners. Lastly, and very marginally, since its incorporation the Company has also offered so-called "services" to industrials and other biotechnology companies, 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:

- | | |
|------|--|
| 2013 | <ul style="list-style-type: none"> • € 14.3 million raised in the context of a share capital increase reserved for French and foreign qualified investors. • Issue of bonds convertible to ordinary shares in order to raise € 7 million. • In the context of its collaborative research alliance with Sanofi, an additional scientific milestone was reached in January, which released a second milestone payment. |
| 2014 | <ul style="list-style-type: none"> • The FDA grants "Fast Track" designation to the GFT505 development program in NASH. • Work efforts result in a new milestone on the horizon in the collaborative research alliance with Sanofi and extension of the joint research partnership between the GENFIT and Sanofi scientific teams until May 2015. • New preclinical data is obtained on GFT505's anti-fibrotic effects and on the potential inclusion of Chronic Inflammatory Bowel Disease in the drug's indications. • Listing transfer of the Company's shares to Compartment B of the Euronext Paris regulated stock exchange. • € 49.7 million, followed by approximately € 20 million, raised via two private placements made by institutional investors based mainly in the United States. |
| 2015 | <ul style="list-style-type: none"> • Results of a cardiac safety clinical study for GFT505 are obtained, demonstrating that GFT505 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 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 research and validation programs of diagnostic biomarkers for NASH (the BMGFT03 program), development of a diagnostic tool 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 for 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.
- Announcement of its plan to begin a second clinical program with Elafibranor in 2016, aimed at satisfying the unmet needs of patients with Primary Biliary Cholangitis (PBC), via a Phase II clinical trial with Elafibranor for the treatment of PBC by the end of 2016. The Company also announced its intention to launch new clinical trials for NASH, aimed at pediatric subpopulations and cirrhosis patients.

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)	12.31.2015 12 months	12.31.2014 12 months	12.31.2013 12 months
Intangible Assets.....	725	68	62
Property, Plant & Equipment.....	390	653	177
Financial Assets.....	16	4,300	483
Total.....	1,131	5,021	723

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.

2013 Fiscal Year

Intangible assets mainly consist of software and operating license acquisitions, while property, plant, and equipment mainly correspond to fixtures, fittings, and installations in the amount of € 65.7 thousand and office and IT equipment in the amount of € 95.9 thousand.

The € 483.2 thousand invested in financial assets correspond, on the one hand, to shares held in the context of a liquidity contract in the amount of € 240 thousand and, on the other hand, to € 225 thousand in deposits and guarantees paid in connection with the lease agreement signed on March 22, 2013 (please refer to section 8.1 "Description of Real Estate Properties" of this Registration Document)

2014 Fiscal Year

Intangible assets mainly consist of software and operating license acquisitions, while property, plant, and equipment mainly correspond to fixtures, fittings, and installations in the amount of € 333,3 thousand, transportation equipment in the amount of € 100.9 thousand, and office and IT equipment in the amount of € 78,2 thousand.

With respect to investments in financial assets, in addition to the deposits, guarantees and shares held in the context of the liquidity contract, it is important to note the financial investments in the amount of € 4,300.00 thousand.

2015 Fiscal Year

Intangible assets mainly consist 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 are not significant.

5.2.2 Principal Investments in Progress

Current investments as of the date hereof concern materials and licenses aimed at renewing network and telephone infrastructures, as well as licenses and equipment intended to ensure the success of the Phase III clinical trial for Elafibranor. The pace of investments expected in 2016 will be significantly higher than in previous fiscal years, as indicated above in section 5.2.1 "Key investments made in the past three fiscal years."

The Company contemplates financing these investments over the next 12 months with available cash, but cannot exclude, in the event of investment opportunities, to have recourse to other financing methods. See also Sections 10.1 "Information of the Group's Equity, Cash and Sources of Financing" and 12 "Trends".

5.2.3 Principal Planned Future Investments

Based on the status of proprietary research programs, the Company has launched an initiative to reinforce its scientific information and management systems and will be also need to invest in scientific equipment for its clinical investigation centers.

In addition, the Company is open to any opportunity of acquiring new molecules that complement the ones currently in its portfolio.

Therefore, the Group plans to 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, the Company's purpose is to discover and/or develop innovative treatment (drug candidates) and diagnostic solutions (biomarker candidates) in the area of metabolic, inflammatory, autoimmune and fibrotic diseases, in particular in hepato-gastroenterology. These diseases have strong unmet medical needs due to the lack of efficient treatments and the increase in the number of patients worldwide. Based in Lille and Cambridge (USA), the Group employs about 90 collaborators.

The research and development activity of the Company 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).

The Company conducts its R&D activities within the framework of so-called "proprietary" research programs, for which it holds all intellectual property rights.

Indications	Program	MOA*	Stage					
			Research	Preclinical Regulatory	Phase I	Phase II	Phase III	MA**
NASH	Elafibranor (GFT505)	PPAR α/δ agonist						
	Diagnostic Biomarker (BMGFT03)							
PBC	Elafibranor (GFT505)	PPAR α/δ agonist						
Liver fibrosis/ Cirrhosis	Repositioning (TGFTX4)	-						
	Hit-to-lead (TGFTX4)	-						
Auto immune disease	TGFTX1	RoR γ inverse agonist						
Metabolic disease	TGFTX3	Rev-Erb α agonist						
IBD***	TGFTX5	-						

* Mechanism of action

** Market Approval

*** Chronic inflammatory bowel disease

The portfolio of the Company is composed of the following proprietary compounds and programs:

- The Elafibranor/GFT505 program, Elafibranor being the generic name approved by the World Health Organization to designate the most advanced proprietary drug candidate of the Company and known until then under the name GFT505. This drug candidate has started a phase III development program 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, and meeting the timelines estimated by the Company for its completion and the authorization of the regulatory agencies (see Section 4 “Risks related to clinical trials” regarding the uncertain nature of these parameters), a conditional market authorization could be obtained for Elafibranor in NASH during the course of the second half of 2019 or first half of 2020. The Company is also considering the development of Elafibranor in other indications;

- Two programs of research and development of novel diagnostic biomarkers in NASH (BMGFT03) on the one hand, and in pre-diabetes (BMGFT02) on the other hand. In the case of BMGFT03 in particular, in 2015, the Company reached a key milestone with the development of a proprietary algorithm enabling the identification, as an alternative to invasive liver biopsy, of NASH patients to be treated with Elafibranor or any other appropriate therapeutic solution (see Section 6.5.2 of this Registration Document). The Company plans to use the Phase III RESOLVE-IT trial to confirm this algorithm all the while increasing its predictive power between now and the end of 2017;
- 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 assays and in vivo, (see section 6.7.1. of this Registration Document). Certain of these compounds have come from the pharmacopeia, and the Company contemplates that a drug candidate could be ready for Phase II clinical studies in the fourth quarter of 2016. Other compounds are ready to begin pre-clinical development;
- The TGFTX1 program, to discover innovative drug candidates targeting ROR γ t, a nuclear receptor involved in certain inflammatory and autoimmune diseases. Within this program, the Company has developed proprietary molecules that effectively inhibit ROR γ t 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 diseases of the liver (such as auto-immune hepatitis) and intestine (see Section 6.7.2 of this Registration Document). The Company should have the elements necessary to begin pre-clinical development of these compounds in the third quarter 2016;
- The TGFTX3 program, targeting Rev-Erba, a nuclear receptor involved in the disruption of circadian rhythms (daily rhythm allowing the body to adapt to environmental changes and regulating various physiological mechanisms, including metabolism), and in the framework of which the Company has developed a series of proprietary agonists modulating this nuclear receptor in vitro and in vivo, and has notably demonstrated their pharmacological activity on the regulation of glucose and lipid metabolism, and hepatic protection (see Section 6.7.3 of this Registration Document);
- The TGFTX5 program, that aims to identify and develop drug candidates for chronic inflammatory bowel diseases. Within this program, the Company has in particular demonstrated the preclinical efficacy of Elafibranor in a model of colitis and evaluated in parallel other products derived from Elafibranor (see Section 6.7.4 of this Registration Document).

Besides these proprietary programs, since its creation, GENFIT has concluded several co-research alliances with large pharmaceutical companies (Sanofi, Solvay, Servier, UCB etc.), many of which had been renewed, until recently for certain of them and for which the vast majority of the intellectual property rights relating to the results generated during these belong to GENFIT's partners.

Thus, in particular, the Company completed in May 2015 the co-research stage of the research alliance with Sanofi. The heart of this alliance is the SAN/GFT2 program (see Section 6.7.5 of this

Registration Document) which aims to identify and then develop new molecules allowing to correct for mitochondrial dysfunctions associated with certain pathologies, including metabolic disorders. At the date of this Registration Document, the results of the co-research phase are under review by both parties.

Even if the activity of GENFIT within this program has become marginal compared to the R&D activities carried out for its proprietary programs, the Company remains eligible for further milestone payments in addition to those already received, and to royalties. Similarly, the Company remains eligible for payments and royalties in conjunction with the historical co-research alliance with Laboratoires Servier (see Section 22 – “Material Agreements” of this Registration Document).

The revenues generated (mostly historical) by the Company within the context of these co-research alliances (approximately €115 M since its creation) have enabled the capital raising of the Company to be limited to approximately €177 M since its creation, essentially for financing its proprietary programs.

6.2 KEY STRENGTHS

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 creation, and its creation ultimately stems from the union 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 Nord-Pas-de-Calais 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 has been able to establish and strengthen strategic agreements (initiated since its creation) with leading global pharmaceutical companies such as Sanofi, Merck Santé, and Solvay, thus confirming the soundness and attractiveness of the model developed by its founders. The Company has thus progressively built up a portfolio of research programs and promising proprietary products.

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 particular unmet or insufficiently met needs, in the Company's strategic therapeutic areas (see Section 6.4).
- 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).
- Technical expertise of the R&D process of new drug candidates and/or candidate biomarkers from discovery up to marketing authorization (see Section 6.5).

This internal expertise is reinforced by close links with KOLs and internationally recognized experts. Together, this expertise enables to optimize therapeutic 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 collaborations

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 of new targets and new biomarkers, dedicated to :*
 - Establishing banks of human biological
 - Biochemical analyses
 - Transcriptomics analyses (gene expression)
 - Measurement of micro-RNA

- *A bioinformatics team dedicated to :*
 - The analysis of differential gene expression: pathological tissue vs healthy tissue
 - Validation of new targets and/or biomarkers.
- *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 in vivo pharmacology platform (animal experimentation) 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 clinical chemistry platform dedicated to Measurement of markers of efficacy or safety in biological samples*
- *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)
- Absorption, Distribution, Metabolism, Elimination (ADME)
- *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)

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 methodologies and technologies, in particular those relating to diagnostics.

The Company thus has a portfolio of 406 patents and patent applications (of which 329 are issued or pending), grouped into 23 families, each corresponding to a specific invention. These patents and patent applications broadly 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, 322 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 Section 11 – “Research and development, patents, licenses and domain names”.

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 liver and gastrointestinal diseases.

This strategy is based on both the maturation and expansion of the proprietary programs portfolio, while maintaining a focus on liver diseases, particularly metabolic liver diseases and gastrointestinal diseases, and, in certain cases, on the creation of partnerships with key players of the biopharmaceutical industry with the financial capacity to successfully conduct large-scale clinical trials and bring products to market.

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

With this aim, GENFIT has defined five major objectives:

- The continued development or co-development of Elafibranor as a first-line treatment for NASH. With respect to this program, the Company has begun Phase III development of which the RESOLVE-IT pivotal clinical trial. The Company has also announced its intention to start a Phase II clinical trial for Elafibranor in Primary Biliary Cholangitis (PBC) and to launch two new clinical trials with the objective of treating the pediatric subpopulation suffering from NAFLD and in NASH-induced cirrhosis. In this context, the Company could sign one or more licensing agreements with one or more pharmaceutical laboratories to contribute to the financing of the clinical trial and, if successful, to the commercialization of Elafibranor;
- The continuation of R&D programs based on new diagnostic biomarkers, and in particular, the approval by regulatory authorities of proprietary algorithms for the identification of NASH patients to be treated with Elafibranor or any other therapeutic solution approved for this indication. With this aim, GENFIT envisages a partnership with a major diagnostic player to assure the industrial development, marketing and distribution of the product worldwide;
- The selection of new proprietary molecules and the development of new anti-fibrotic drug candidates;
- The selection and development of drug candidates for the treatment of some inflammatory and auto-immune diseases;
- The strengthening of the Company's portfolio via in-licensing agreements of products in Phase I or II of clinical development for the treatment of diseases of the liver or the intestine that do not currently have a satisfactory therapeutic solution.

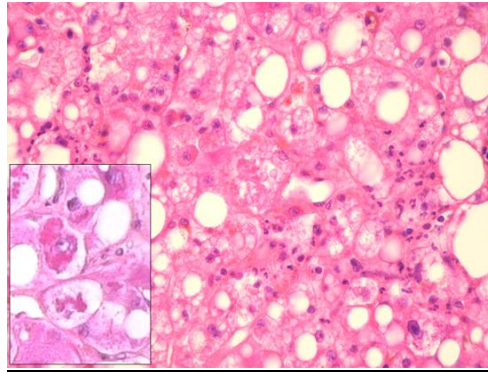
6.4 STRATEGIC THERAPUTIC AREAS

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

(i) Definition

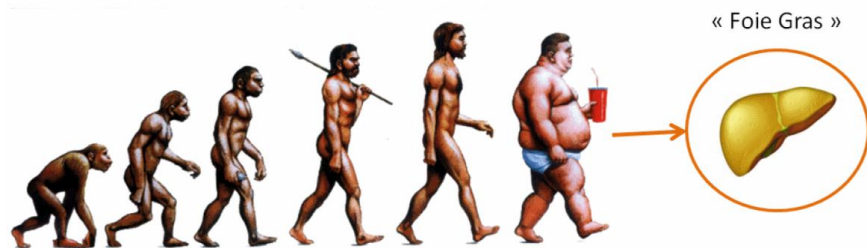
Non-alcoholic steatohepatitis (NASH) is a silent pathology (asymptomatic) that can only be diagnosed by the microscopic analysis of liver biopsy. This microscopic analysis reveals steatosis (lipid droplets) accompanied by liver

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(i) for a definition of cirrhosis).



Microscopic photograph of a biopsy showing non-alcoholic steatohepatitis.

(ii) 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 multifactorial disease.

(iii) 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 (Ratzliff, 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).

(iv) 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. In 2014, more than 1.9 billion adults were overweight, with more than 600 million of these were obese.¹

¹ Source: WHO Fact Sheet N°311 – January 2015.

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).

(v) 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-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...).

(vi) 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 has recently 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.).

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).

(vii) The current and future NASH market, and the major players

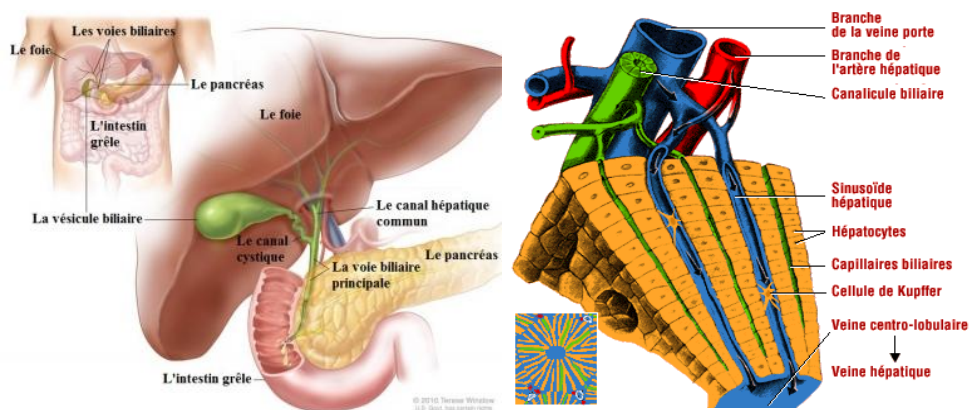
The NASH market (including only US, France, Germany, Spain and UK) was valued in 2012 at approximately 233 million dollars, despite “default” treatment solutions.² In considering only the US and European markets, this market could rapidly exceed 6 billion dollars in 2020 and reach 19 – 20 billion dollars in 20253. (see Section 6.6.4 – “Elafibranor: the market and the competition”).

Other biotechnology companies, such as Intercept Pharmaceuticals (Phase III in progress), Tobira Pharmaceuticals (Phase II in progress), Galmed Pharmaceuticals (Phase II) and Immuron (Phase II) are also working on the discovery and development of drugs dedicated to NASH treatment. With Elafibranor, GENFIT figures amongst the two most advanced companies in terms of clinical development in the field of NASH (see Section 6.6.4 – “Elafibranor: the market and the competition”).

Following a complementary approach for the management of NASH patients with advanced fibrosis, Gilead (Phase II in progress) and Galectin Pharmaceuticals (Phase Ib in progress) develop pure anti-fibrotic products. These companies aim to demonstrate the efficacy of their products on hepatic fibrosis in patients with advanced NASH, without seeking to treat the underlying pathology.

6.4.2 Chronic cholestatic diseases and auto-immune hepatitis

(i) Primary biliary cholangitis (PBC)



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:

² Source: Global Data – NASH Opportunity Analysis and Forecasts to 2017 – March 2014.

³ Source: Kempen & Co Merchant Bank estimates – Research Report dated December 3, 2014.

- 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.

Today, UDCA is 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. PBC thus remains a rare but serious disease, that is still poorly managed.

In April 2016, the Gastrointestinal Drug Advisory Committee of the FDA gave a favorable recommendation to the request for accelerated approval for Intercept Pharmaceutical's PBC obeticholic acid drug candidate.

(ii) 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) and primary sclerosing cholangitis (PSC) 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.

(iii) 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.

(iv) 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.

Based on the fact that these hepatic pathologies 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. With this aim, GENFIT identifies and develops, in the context of its TGFTX1 program, novel antagonists of the nuclear receptor ROR γ t (RORgamma-t), that plays an essential role in the regulation of the immune system and the production of the pro-inflammatory cytokine, interleukin-17 (IL-17). 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 proven⁴ (see Section 6.7.2).

The Company also plans to launch 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.

6.4.3 Advanced liver fibrosis and cirrhosis

(i) 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), 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) produced by the gut bacteria 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

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

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)
- 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 treatment capable of sufficiently regressing fibrosis and reversing the structural alteration of the liver.

(ii) 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. The drug candidate(s) issued from this program will be developed for the treatment of advanced hepatic fibrosis and cirrhosis (see Section 6.7.1).

The Company plans to launch a program of clinical trials with Elafibranor in NASH-induced cirrhosis.

6.4.4 Chronic inflammatory bowel diseases (IBD)

IBD is a group of chronic diseases characterized by acute episodes interspersed with periods of remission. The etiology is still not well known but is generally agreed to be multifactorial, with environmental factors and genetic predisposition combining to destabilize the immune and inflammatory system. These are chronic diseases that can become extremely debilitating in 88% of cases without treatment.

In 2012, 6.5 million people were reported to be affected, including approximately 4.4 million cases in the USA and Europe. In France there are currently 200,000 patients, and more than 3,000 new cases are diagnosed each year. The

prevalence is growing, and in 2025 over 10 million people will be affected by this disease worldwide. There is a north-south gradient in the prevalence of IBD in Europe and France (Lumleain, 2012, "Disease State Primer; Inflammatory Bowel Disease").

There are two distinct forms of chronic IBD that differ in the location of the inflammatory regions and the severity of the lesions. Crohn's disease (CD) may affect the entire digestive tract, whereas ulcerative colitis (UC) affects the rectum and may extend to the colon. Epidemiologically, 50-60% of cases of IBD are UC.

There is presently no curative treatment for chronic IBD. Current treatments essentially attempt to treat the episodes (attack treatment) and prevent a recurrence of the episodes (maintenance treatment) during the remission phases. It is estimated that current treatments only control 25 to 30% of IBD cases over the long term. The worldwide market for IBD treatment is growing (+7% per annum), and had already reached 7.5 billion dollars in 2011, due essentially to the anti-TNF α drugs (infliximab and adalimumab). (Lumleain, 2012, "Disease State Primer; Inflammatory Bowel Disease").

The TGFTX5 program exploits, in particular, Elafibranor's pre-clinical efficacy demonstrated in several animal models of IBD (see section 6.7.4).

6.5 EXPERTISE AND KNOW-HOW OF GENFIT

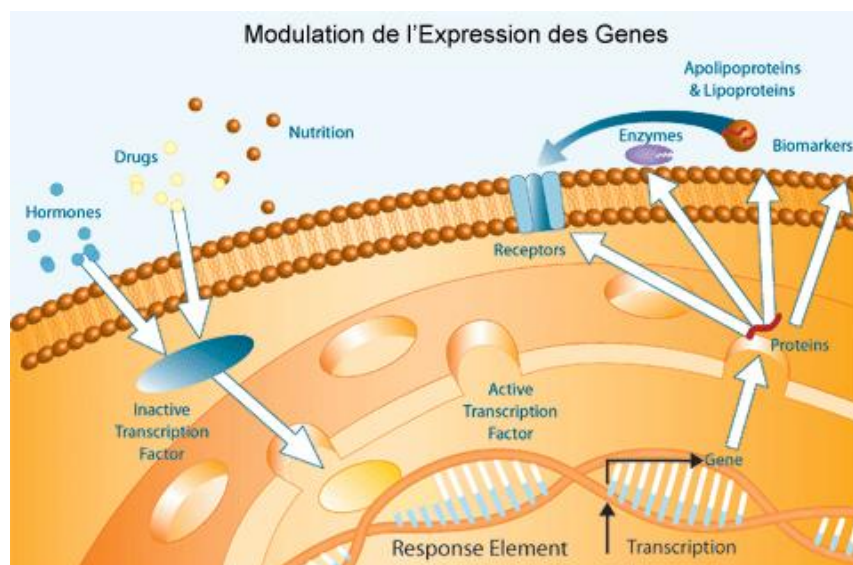
With its top-rate teams, GENFIT has all the expertise and know-how necessary for the research and development of innovative therapeutic solutions, from identification to proof of efficacy and safety in advanced clinical trials. Implementing a perfectly tailored technical platform, GENFIT relies on its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

6.5.1 Expertise on nuclear receptors as targets

Research at GENFIT relies in the first instance on the internationally-recognized scientific expertise of Prof. Bart Staels (more than 400 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 nuclear receptors:

- The PPAR nuclear receptors—Peroxisome Proliferator-Activated Receptor—(PPAR α and PPAR δ in particular), on which Genfit has been working since it was founded, are favored targets in the treatment of numerous multifactorial disorders such as diabetes or NASH. These are the targets of Elafibranor;
- The ROR (retinoic acid-related orphan receptors) receptors (TGFTX1), for which the majority of research currently conducted principally targets autoimmune diseases;
- The receptor RevErb (TGFTX3), which plays a key role in the dysregulation of circadian rhythms of glucose and lipid metabolism in type 2 diabetes.

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

(i) 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 (through participation in consortia), 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.

(ii) 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.

(iii) 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 originating from the Phase IIb study of Elafibranor. The program has two objectives:

- to find new biomarkers and/or an innovative algorithm of biomarkers to ensure better NASH diagnosis. 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.

The Company plans to continue the confirmation of this algorithm in the context of the phase III RESOLVE-IT pivotal trial, 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.

(iv) 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 has thus developed a 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 the product to date. GENFIT has begun a 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.

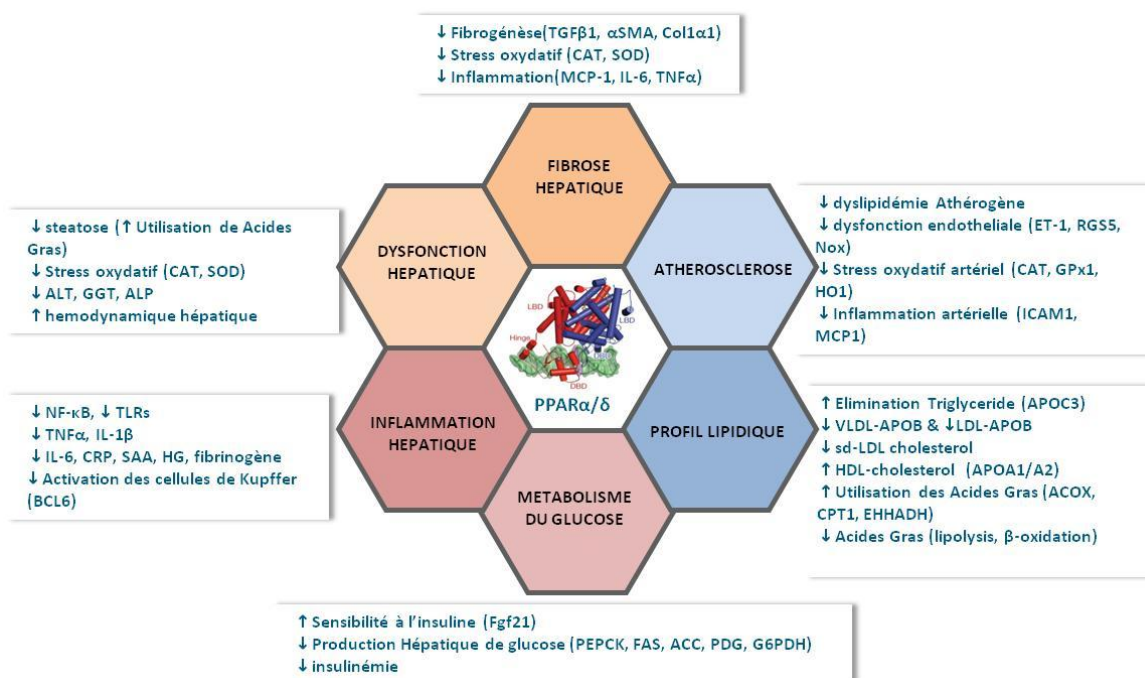
6.5.4 Effective regulatory know-how

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

6.6 ELAFIBRANOR IN NASH

6.6.1 Elafibranor : general presentation and history of development

Elafibranor and its principal metabolite GFT1007 are dual agonists acting simultaneously on the receptors $PPAR\alpha$ and $PPAR\delta$. As illustrated in the diagram below, these receptors are implicated 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 $PPAR\alpha/\delta$ 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) may be summarized as follows, 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 GFT505 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 $\geq$ 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.

6.6.2 Elafibranor: safety profile

(i) Elafibranor: 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.

(ii) Elafibranor: no safety issues in all Phase I and Phase II clinical studies

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 PPAR α nuclear receptors. The most common adverse events were of gastrointestinal nature and of mild intensity, with no notable difference between groups.

6.6.3 Elafibranor: 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.

In this context, and after close consultation with the FDA and the EMA (European Medicines Agency), the Company decided to launch 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 $\geq$ 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, which could occur during the course of the second half of 2019, 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 “Risks related to clinical trials” regarding the uncertain nature of these parameters), a conditional market authorization could be obtained for Elafibranor in NASH during the course of the second half of 2019 or first half 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 will also evaluate 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 March 2016, the first patient in the Phase III RESOLVE-IT trial was enrolled.

6.6.4 Elafibranor: market and competition

In the absence of a dedicated therapy, the NASH market (including only US, France, Germany, Spain and UK) was valued in 2012 at approximately 233 million dollars⁵, essentially represented by the off-label prescription of drugs already approved for other diseases, but that show no proof of efficacy in NASH.

Including only US and European markets, NASH market could rapidly exceed 6 billion euros in 2020 and reach between 19-20 billion euros in 2025⁶.

This very strong growth 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 specifically approved for this indication.

The following table summarizes the portfolio of products in clinical development for NASH in Western countries using publicly sourced information from the respective companies. GENFIT's Elafibranor is thus one of the two drug candidates that will be the first to enter Phase III in 2015.

⁵ Source: Global Data –NASH Opportunity Analysis and Forecasts to 2017 – March 2014

⁶ Source: Kempen & Co Merchant Bank (estimates) – Research Report – December 3, 2014

Company	Compound	Mechanism of action/target	Phase	Population	Primary end-point	Secondary end-points	Next NASH catalyst	Next step
GENFIT	Elafibranor	Dual PPARα/d	Phase IIb (completed)	NASH	Biopsy : resolution of NASH without worsening of fibrosis	Other histological end-points + Biomarkers	Positive results in GOLDEN505 → Start of Phase III in November 2015	Approval under Subpart H
INTERCEPT	OCA	FXR Agonist	Phase IIb (completed)	NASH	Biopsy : Resolution of NASH without worsening of fibrosis + Improvement of fibrosis without worsening of NASH	Other histological end-points + Biomarkers	Positive results in FLINT → Start of Phase III in 2015	Approval Under subpart H
GALMED	Aramchol	Fatty-Acid/bile acid conjugate	Phase IIb (Ongoing)	NASH	Resolution of NASH	Other histological end-points efficacy + Biomarkers	Results in Q3-2017	Phase III
TOBIRA	Cenicriviroc	CCR2/CCR5 antagonist	Phase IIb (Ongoing)	NASH	Biopsy: NAS score improvement	Collagen morphometry+ Fibroscan+ Biomarkers	Phase II results in 2016	Phase III
GILEAD	Simtuzumab (GS-6624)	Anti-LOXL2	Phase IIb (ongoing)	NASH with advanced fibrosis	Biopsy : improvement of fibrosis/cirrhosis	Biomarkers	Phase IIb results in 2016	Phase III
CONATUS	Emricasan	Pan caspase inhibitor	Phase IIa (completed)	NASH	Biomarkers : CK18 and ALT	Safety	Positive results in phase 2a	Phase IIb
GALECTIN	GR-MD-02	Galectin-3	Phase IIa	NASH with advanced fibrosis	Fibrosis using magnetic resonance imaging	Liver stiffness and Biomarkers	Phase IIa results in Q3-2016	Phase IIb

INTERCEPT is developing an FXR receptor agonist, obeticholic acid (OCA), that generated much interest amongst investors and the scientific and medical NASH community following the termination of its Phase IIb study (FLINT) after an intermediate analysis demonstrated its efficacy. The complete results of the FLINT trial were published in 2015 and showed that OCA is capable of treating NASH and improving fibrosis after 72 weeks of treatment. This therapeutic activity is however accompanied by an increase in LDL-cholesterol (“bad cholesterol”) and in pruritus. The Phase III study REGENERATE is underway.

GALMED is developing Aramchol as a potential treatment for NASH. Aramchol is a fatty acid/bile acid conjugate (FABAC). Phase IIa studies demonstrated beneficial effects in a population of patients suffering from Non Alcoholic Fatty Liver Disease (NAFLD, not to be confused with NASH). The company recently launched a Phase IIb study that aims to demonstrate the efficacy of Aramchol on the resolution of histological NASH (ARREST study). The first results are expected in Q3, 2017.

TOBIRA is developing an antagonist of the CCR2 and CCR5 receptors, Cenicriviroc, that is currently in Phase IIb. CCR2 and CCR5 receptors are believed to play a role in fibrosis development. Based on “promising” results in animal models of NASH, Tobira initiated a Phase IIb study (CENTAUR) in 2014, with the aim of demonstrating efficacy on NASH after 72 weeks of treatment. The results are expected in 2016.

GILEAD is developing an injectable product, simtuzumab, an anti-LOXL2 antibody. In contrast to Elafibranor and OCA that target NASH, simtuzumab directly targets

the pro-fibrotic process. Thus, the Phase IIb study currently in progress aims to demonstrate that simtuzumab can reduce fibrosis in NASH patients after 100 weeks of treatment. The results are expected in 2016. GILEAD has also purchased the rights to two drug candidates in Phase I (FXR and ACC1).

CONATUS is developing a caspase inhibitor, emricasan, for liver failure. In preclinical models, the compound reduced hepatic fibrosis, and in man it reduced liver enzymes. In 2015, the results of an exploratory Phase IIa study in NAFLD patients showed significant benefit on hepatic biomarkers such as CK18 and ALT. A Phase IIb study could be launched in 2016.

GALECTIN is developing an inhibitor of galectin-3 for the treatment of fibrosis. The company is particularly targeting patients with advanced NASH, with bridging fibrosis or cirrhosis. A Phase IIa study is in progress in a small number of NASH patients with advanced fibrosis. This study aims to demonstrate the anti-fibrotic potential of the product, as measured by magnetic resonance imaging. The results are not expected before Q3, 2016.

6.7 OTHER PROGRAMS

6.7.1 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 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 assay that targets the global pathological 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. Certain of these molecules arising from the Company's research are proprietary compounds that have demonstrated anti-fibrotic activity in both cellular tests and in animal models. Others originate from the pharmacopoeia and were developed for other indications. While the anti-fibrotic properties of these compounds have not previously been claimed, the Company has demonstrated their activity in cellular tests, and is now evaluating their repositioning potential in the field of fibrotic liver disease. Because they originate from the pharmacopoeia, the Company plans to be able to have a drug-candidate ready to begin Phase II clinical trials by the end of 2016.

6.7.2 TGFTX1 and ROR γ t: a research program of drug-candidates for some inflammatory and auto-immune diseases

As part of the TGFTX1 program, GENFIT has selected ROR γ t (RORgamma-t), a key nuclear receptor involved in regulating a proinflammatory cytokine, interleukin-17 (IL-17), which 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.

ROR γ t has a key role upstream of the immune process: by inducing the differentiation of Th17 lymphocytes, which results in the production of IL-17, it modulates the subsequent immune responses. Inhibiting ROR γ t 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.

The first TGFTX1 molecules developed by GENFIT chemists effectively inhibit ROR γ t activity. 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 ROR γ t inhibitors for their potential as an innovative therapeutic approach in several inflammatory diseases of the liver (such as autoimmune hepatitis) and intestines.

6.7.3 TGFTX3 and Rev-Erba: a research program of drug candidates for metabolic diseases

As part of the TGFTX3 program, GENFIT is developing new proprietary compounds that activate the nuclear receptor Rev-Erba, a new generation therapeutic target for the treatment of metabolic and inflammatory diseases, including NASH and Type 2 diabetes.

Human physiology is regulated on a circadian rhythm, i.e. approximately 24 hours (from the Latin "circa diem" which means "approximately one day"). This allows the body to adapt to the differences in energy requirements between day and night and to regulate other physiological functions according to daily environmental changes. This, many physiological mechanisms and behaviors, including metabolism, blood pressure, body temperature and sleep-wake cycles are circadian-regulated.

Repeated stress conditions, such as jet lag, night work and certain chronic diseases, disrupt the molecular mechanisms responsible for circadian alignment between human physiology and the day/night rhythm.

By virtue of its key role at the interface between the regulation of circadian rhythms and metabolic mechanisms, the nuclear receptor Rev-Erba represents an ideal therapeutic target that offers new perspectives for the treatment of diseases such as diabetes and NASH.

GENFIT has developed series of proprietary agonists that are selective for Rev-Erba or are dual Rev-Erba and Rev-Erbβ agonists. These agonists regulate the expression of the target genes of Rev-Erba in vitro and in vivo. Amongst the range of potential therapeutic indications which could be targeted by the regulation of Rev-Erba, GENFIT has notably demonstrated the pharmacological activity of these synthetic ligands of Rev-Erba on the regulation of glucose and lipid metabolism, as well as hepatic protection, by using models of diabetes and NASH, respectively.

GENFIT has also developed a full range of tools for drug discovery, in order to quickly advance this program towards innovative therapeutic solutions.

6.7.4 TGFTX5 program : a research program for inflammatory bowel diseases

During the second half of 2014, the Company initiated a new research program of drug candidates for chronic inflammatory bowel diseases (IBD), named TGFTX5.

Chronic inflammatory intestinal diseases are characterized by inflammatory processes associated with pro-fibrotic scarring, that can ultimately lead to functional disorders.

Building on the knowledge of the anti-inflammatory and anti-fibrotic properties of Elafibranor, a scientific program that aims to identify potential treatments for IBD (Crohn's disease, ulcerative colitis) has been initiated.

In addition to Elafibranor, for which pre-clinical efficacy was shown in a colitis model, the Company, in particular, is testing in parallel other molecules derived from medicinal chemistry implemented for the development of and which could have pharmacokinetic and tissue distribution properties and potentially greater efficacy for the treatment of IBD.

6.7.5 Co-research alliance with Sanofi

Since the creation of the Company in 1999, GENFIT has been collaborating with Sanofi through successive co-research alliances. The last alliance was signed for three years in March 2011, and aimed to identify molecules that may correct mitochondrial dysfunction that is associated with certain pathologies including metabolic diseases, particularly Type 2 diabetes.

The mitochondrion acts as a "power plant" whose main function is to produce cellular energy in the form of adenosine triphosphate in the respiratory chain. Based on clinical observations, it has been clearly demonstrated that several diseases, including certain metabolic diseases, are related to mitochondrial dysfunction. For example, several studies have found that mitochondrial dysfunction is associated with the onset of insulin resistance, a major characteristic of diabetes. Targeting mitochondrial dysfunction therefore represents an innovative approach in the treatment of diabetic patients.

As part of this last co-research alliance, GENFIT and its partner Sanofi have identified new molecules with beneficial activity on cellular mechanisms that are likely to correct mitochondrial dysfunction. The pharmacological evaluation of these compounds in mouse models of Type 2 diabetes not only demonstrates the efficacy of the compounds but lends supports to the initial hypothesis that the regulation of energy homeostasis, via the correction of mitochondrial dysfunction, offers therapeutic potential for the treatment of Type 2 diabetes.

GENFIT having shown the beneficial activity of several molecules in various in vivo models relevant to the target pathologies, an amendment to this last co-research alliance was signed, extending the research sharing phase by the scientific teams of both parties until May 2015. At the date of this Registration Document, the results of this additional research sharing phase are being evaluated by both parties.

In accordance with the terms of the co-research alliance signed in 2011, whereby Sanofi obtained the exclusive worldwide rights to develop and market the molecules from this research collaboration, GENFIT has received, in addition to annual payments for research, the milestone payments included in the Collaboration and Licensing Agreement as scientific milestones are met, for a total of €1.6 M.

Depending on the success of preclinical and clinical development, and the subsequent approval and marketing of these molecules, GENFIT could receive further milestone payments and royalties from the commercialization of the products whose development will be pursued by Sanofi and that result from the collaboration (for the main characteristics of the contract, see Section 22 “Material Agreements” of this Registration Document).

7 ORGANIZATIONAL STRUCTURE

7.1 GROUP STRUCTURE, LIST OF 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 licence 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. As of today, the Genfit Corp does not hold any strategic assets.
GENFIT PHARMACEUTICALS SAS (France)	Created in December 2011, this wholly-owned French subsidiary does not yet conduct any business.

7.2 MAIN INTRAGROUP FLOWS

GENFIT CORP Services Agreement

GENFIT and GENFIT CORP agreed to an annual services agreement in effect since July 2003. In the 2015 fiscal year, the cost of the services GENFIT CORP provided to GENFIT amounted to USD 593 thousand.

Effective as from January 1, 2016, GENFIT CORP and GENFIT entered into an intragroup services agreement through which GENFIT CORP provides certain services to GENFIT, particularly services associated with the clinical trials monitoring, investor relations in the United States, and business development. 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 3%. "Structural" costs are billed at cost.

In addition, GENFIT and GENFIT CORP signed in May 2016 a cash management agreement. The purpose of this agreement will be 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.

Domiciliation Contract with GENFIT PHARMACEUTICALS

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.

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 suburb of Lille), 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 functional support teams and the administrative and financial departments are stationed 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.

As such, it became the lessee of this real estate complex in 2013 by signing a commercial lease for 9 full and consecutive years.

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

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

GENFIT CORP is located in a business center in Cambridge, Massachusetts under the terms of an annually renewable lease.

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 Environmental Responsibility for the 2015 fiscal year, which can be found in Appendix 6 of its 2015 Annual Financial Report and available on its website (www.genfit.com).

Please also refer to sections 4.1- "Risks related to the Company's regulatory environment" and "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, 2015 and December 31, 2014.

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

- The Management Report of the Executive Board, the financial statements established in accordance with IFRS, as adopted in the European Union, for the year ended of December 31, 2014, and the Statutory Auditor's report related thereto, as presented respectively in pages 3-55, 74-114 and 115-116 of the Annual Financial Report for the year ended December 31, 2014, published on April 3, 2015; and
- The financial statements established in accordance with IFRS, as adopted in European Union, for the year ended December 31, 2013, and the Statutory Auditors' reports related thereto, as presented in pages 129-169 and 214-215 as well as the reports of the statutory auditors on related-party agreements for the year ended December 31, 2013 presented in pages 126-127, of Prospectus R.14-148, respectively, and registered by the AMF on April 14, 2014.

9.1 FINANCIAL POSITION

9.1.1 Comments on the statement of consolidated net income for the fiscal years ended December 31, 2014 and December 31, 2015

(i) Operating Income

The Company's Operating Income results from industrial revenue derived, in particular, from its collaborative research alliance with Sanofi, as well as operating subsidies, other operating revenue, and the research tax credit.

Revenue and other income (in € thousands)	Year ended	
	2015/12/31	2014/12/31
Revenue	527	1 614
Government grants	12	94
Research tax credit	3 705	4 973
Other operating income	114	94
Total	4 358	6 776

Operating income amounts to € 4,358 thousand in 2015 against € 6,776 thousand in the previous fiscal year, or a -36% change.

Industrial revenue totaled € 527 thousand in 2015 against € 1,614 thousand in the previous fiscal year, or a -67% change. The drop in industrial revenue between December 31, 2015 and December 31, 2014 is mainly due, on the one hand, to the end of the research phase shared by the scientific teams of both parties in the collaborative research alliance with Sanofi, which expired in May 2015 and, on the other hand, to the absence of a scientific milestone payment during this period, while a € 1,000 thousand milestone payment had been made in the first half of 2014.

Other revenue, which includes operating subsidies, other operating income, and the Research Tax Credit, totaled € 3,831 thousand in 2015 against € 5,161 thousand in the

previous fiscal year, or a -26% change. This drop is mainly due to the Research Tax Credit decrease, which fell from € 4,973 thousand in 2014 to € 3,705 thousand in 2015, as a result of, in particular, the 2015 gradual decrease in subcontracting expenses in the context of the Phase IIb GOLDEN-505 study. (please refer, in particular, to (ii) "operating expenses by destination" below).

(ii) Operating expenses by destination

The tables below break down operating expenses by destination into research and development expenses on the one hand, and general and administrative expenses on the other, for the fiscal years ended December 31, 2015 and 2014.

Operating expenses and other operating income (expenses)	Year ended 2015/12/31	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
(in € thousands)							
Research & development expenses	(16 360)	(1 863)	(5 389)	(6 289)	(2 356)	(459)	(3)
General & administrative expenses	(5 630)	(68)	(0)	(2 840)	(2 675)	(46)	0
Other operating income	2	0	0	0	1	0	1
Other operating expenses	(47)	0	0	0	(43)	(2)	(2)
TOTAL	(22 034)	(1 930)	(5 390)	(9 130)	(5 074)	(508)	(3)
Operating expenses and other operating income (expenses)	Year ended 2014/12/31	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
(in € thousands)							
Research & development expenses	(18 111)	(1 332)	(9 020)	(5 347)	(2 168)	(245)	0
General & administrative expenses	(5 879)	(73)	0	(4 018)	(1 815)	26	0
Other operating income	10	0	0	0	0	0	10
Other operating expenses	(55)	0	0	0	(55)	0	0
TOTAL	(24 034)	(1 404)	(9 020)	(9 365)	(4 037)	(219)	10

Operating expenses amount to € (22,034) thousand in 2015 against € (24,034) thousand in the previous fiscal year, or a -8.3% change. They include, in particular:

- research and development expenses, which include the wages and salaries paid to the research staff (€ 6,289 thousand in 2015 against € 5,347 thousand in 2014), the cost of consumables and operational outsourcing (particularly clinical and pharmaceutical representing € 5,389 thousand in 2015 against € 9,020 in 2014), and expenses related to intellectual property. These research and development expenses amounted to € 16,360 thousand in 2015 against € 18,111 thousand in 2014, or 74% and 75% of operating expenses, respectively.

2015 was a transitional year with respect to operational outsourcing costs related to Elafibranor's development: it was marked both by the end of the pivotal Phase IIb study (GOLDEN 505) and by the launch, at the very end of the year, of the pivotal Phase III study (RESOLVE-IT). Furthermore, additional studies related to GOLDEN 505 had an impact on the 2014 financial statements. Finally, the other programs also generated operational outsourcing costs in 2015, but in smaller amounts than those related to the development of Elafibranor because of they are in an earlier research stage.

The variation in costs for personnel assigned to research is in particular related to the impact of bonuses granted to these employees for their involvement in the Group's development and the implementation of the incentive plan in 2014. Even if such bonuses were not granted in 2015, the decrease in related costs was absorbed by the cost relating to an increase in headcount, and costs related to share-based payments.

General and administrative expenses, which include the costs of staff not assigned to research (€ 2,840 thousand in 2015 against € 4,018 thousand in 2014), and the

administrative and commercial costs. These general and administrative expenses amounted to € 5,630 thousand in 2015 compared with € 5,879 thousand in 2014, or 26% and 24% of operating expenses, respectively. The variation in costs for personnel not assigned to research is in particular related to the impact of bonuses granted to these employees for their involvement in the Group's development and the implementation of the incentive plan in 2014. Even if such bonuses were not granted in 2015, the decrease in related costs was absorbed in part by the cost related to share-based payments.

(iii) **Operating expenses by type**

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

Sub contracted research and development activities

Operational outsourcing expenses amounted to € (5,389) thousand in 2015 against € (9,020) thousand in the previous fiscal year, corresponding to a 40.2% change, which is mainly due to the end of the Phase IIb Elafibranor clinical study for NASH.

Employee expenses

Employee expenses (in € thousands)	Year ended	
	2015/12/31	2014/12/31
Wages and salaries	(4 906)	(5 775)
Social security costs	(2 154)	(2 562)
Pension costs	(57)	20
Individual training entitlement	0	3
Share-based compensation	(2 012)	(1 051)
TOTAL	(9 130)	(9 365)

Employee expenses amount to € (9,130) thousand in 2015 against € (9,365) thousand in the previous fiscal year, or a -2.5% change.

Among these expenses and notwithstanding the increase in staff in 2015 (96 employees as of December 31, 2015 against 81 employees as of December 31, 2014), the amount of wages and social security costs decreased.

On the other hand, the amount recognized as share-based compensation (equity warrants (BSAs) and redeemable warrants (BSAARs)) free of any impact on cash flow increased from € 1,051 thousand in 2014 to € 2,012 thousand in 2015. In particular, in 2015 the Company allocated new BSAs and BSAARs to the respective 2014 plans and established a new BSA plan (BSA-2015). For further information, please refer to Note 6.21 of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which can be found in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015."

Other Operating Expenses

Other operating expenses amount to € (5,074) thousand in 2015 against € (4,037) thousand in 2014. They include, in particular:

- "fees," which include legal, audit, and accounting fees, the fees of various advisors (press relations, investor relations, communication, economic intelligence, computing), the

external staff seconded to the Company (guard, security and reception), as well as the fees of some of its scientific advisers. This amount also includes Intellectual Property expenditures corresponding the fees incurred by the Company in connection with the registration and protection of its patents;

- expenses related to the rental, use, and maintenance of its registered offices;
- expenses related to business travel and conferences, which essentially include the staff's travel expenses as well as the costs of participation in scientific, medical, financial, and business development conferences.

This change is mainly due to the Group's business' faster pace of development and its stronger presence in the United States.

Financial Income

Financial income totals € 542 thousand against € 234 thousand in the previous fiscal year.

This increase is due, in particular, to an increase in financial revenue from € 492 thousand in 2014 to € 642 thousand in 2015, which was mainly the result of revenue from cash investments made following the December 2014 share capital increase.

(iv) Net Income (Loss)

The fiscal year results in a net loss of € 17,135 thousand against a net loss of € 17,025 thousand in the previous fiscal year.

9.1.2 Comments on the statement of financial position for the fiscal years ended December 31, 2014 and December 31, 2015

As of December 31, 2015, the total amount of the Group's Statement of Financial Position amounts to € 69,258 thousand against € 86,366 thousand in the previous fiscal year.

As of December 31, 2015, the Group holds € 60,142 thousand in available cash, cash equivalents, and financial instruments, against € 76,305 thousand as of December 31, 2014.

(i) Non-current Assets

Non-current assets, which include goodwill and intangible, tangible, and financial assets, remain stable from one fiscal year to the next, totaling € 2,505 thousand and €2,553 thousand as of December 31, 2015 and 2014, respectively.

(ii) Current Assets

Current assets amount to € 66,753 thousand and € 83,813 thousand as of December 31, 2015 and 2014, respectively.

Inventory decreased between 2014 to 2015 as a result of its consumption following the decrease in activity related to co-research agreements. The variation of trade and other receivables is justified by the decrease in grants receivable. The other current financial assets decreased following the sale of negotiable medium term notes that made up this item.

Available cash is mainly used in the context of highly liquid short-term investments presenting low risk of change in value.

Cash & cash equivalents (in € thousands)	As of	
	2015/12/31	2014/12/31
Short-term deposits	59 683	71 480
Cash & bank accounts	428	525
TOTAL	60 111	72 005

(iii) Shareholders' Equity

As of December 31, 2015, the amount of the Group's shareholders' equity totaled € 55,416 thousand against € 70,429 thousand as of December 31, 2014.

The change in the Company's shareholders' equity is mainly due to the annual loss, which reflects the Company's focused efforts in research and development, the completion of preclinical studies, and the clinical studies for Elafibranor.

The Notes to the Consolidated Financial Statements, as well as the Table of Changes in Shareholders' Equity established according to IFRS and presented in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015" of this Registration Document, provide details on the change in the Company's share capital and the Group's shareholders' equity, respectively.

(iv) Non-current Liabilities

This mainly concerns the following liabilities reaching maturity in no less than one year:

- conditional advances granted to GENFIT by Bpifrance for the purpose of financing the research programs detailed in Note 6.13.1.1 "Recoupable and Conditional Advances" of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which can be found in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015" of this Registration Document;
- the development loan with a participation feature granted by Bpifrance; and
- bank loans (please refer to section 10.1.2 for details).

(v) Current Liabilities

Current liabilities (in € thousands)	As of	
	2015/12/31	2014/12/31
Current loans & borrowings	1 223	1 687
Current trade & other payables	7 292	8 438
Current deferred income and revenue	29	260
Current provisions	69	6
Current employee benefits	0	0
Other current tax liabilities	0	0
Total	8 613	10 391

This balance sheet item mainly includes liabilities reaching maturity in less than one year, such as conditional advances granted by Bpifrance to GENFIT, the development loan with a participation feature granted by Bpifrance, trade payables, and social security expenses. Please also refer to Notes 6.13 and 6.14 of the Notes to the Consolidated Financial Statements for the fiscal year

ended December 31, 2015, which can be found in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015" 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;
- 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;
- ability to secure licenses for the Company's drug candidates and biomarker candidates or for drug candidates owned by third parties;
- effective continuation of collaborative research alliances and the ability for the compounds developed in the context of said partnerships to reach scientific milestones.

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 - "Risks related to the Research Tax Credit").

9.3 POST YEAR-END EVENTS

On February 29, 2016, the Company sold 2,395,890 new shares at an issuance price of € 20.70 per share in the context of a private placement, mainly with institutional investors in the United States. The gross revenue generated by the transaction totaled € 49.6 million.

On April 26, 2016, the Company announced that, as of March 31, 2016, the Company's cash, cash equivalents, and current financial instruments totaled € 102.8 million (m€) against 69.5 m€ the previous year. This amount includes the funds received in the context of the above-referenced private placement.

The revenue generated in the first three months of 2016 amounts to € 88 thousand (k), against € 150k for the same period in 2015.

10 CAPITAL RESOURCES

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

Please also refer to Notes 6.9, 6.11, and 6.13 of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which can be found in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015" of this Registration Document.

As of December 31, 2015, the Group holds € 60,111 thousand in available cash, cash equivalents, and financial instruments, against € 76,300 thousand as of December 31, 2014.

The main components of cash equivalents are:

- UCITS and INTEREST-BEARING CURRENT ACCOUNT, 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 and, to a lesser extent, through bonds convertible into shares, industrial revenue derived from collaborative research alliances, conditional and/or repayable advances and subsidies granted by various public institutions (particularly Bpifrance, 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. The Company plans to continue relying on these sources of financing, in particular.

10.1.1 Equity Financing

Since its creation and up until March 31, 2016, the Company received approximately € 177 million in shareholders' equity, almost all of which corresponds to cash raised via share capital increases.

1999	Creation	€ 1,524,505.42
2000	Cash issue of ordinary shares	€ 609,796.07
2001	Cash issue of ordinary shares	€ 762,245.09
2006	Cash issue of ordinary shares in the context of the admission to trading on the Alternext stock exchange	€ 15,035,058.00
2010	Cash issue of ordinary shares	€ 2,310,086.00
2011	Cash issue of ordinary shares in the context of a PACO	€ 293,498.54
	Cash issue of ordinary shares	€ 5,870,012.80
2012	Cash issue of ordinary shares	€ 250,001.45
	Cash issue of ordinary shares in the context of a PACO	€ 2,450,001.62
	Issue following the exercise of convertible bonds	€ 2,299,996.95
2013	Cash issue of ordinary shares	€ 14,325,000.72
	Issue following the exercise of convertible bonds	€ 7,149,996.13
2014	Cash issue of ordinary shares	€ 75,710,373.85
2015	Share issues following the exercise of BSAARs	€ 28,975.50
2016	Cash issue of ordinary shares	€ 49,594,923.00

TOTAL AMOUNT OF FUNDS RAISED**€ 176,689,965.72****10.1.2 Debt Financing**Repayable and conditional advances

As of December 31, 2015, the Company benefits from 12 conditional advances granted by Bpifrance.

In addition:

- In June 2010, Oséo Financement, which later became BPI France, approved a 7-year loan contract in the amount of € 2,300 thousand, including a principal repayment deferment of 2 years in the form of a participatory development contract. The capital still owed under the terms of this participatory development contract amounts to € 690 thousand;
- In the second half of 2011, the Nord Pas de Calais Regional Council and the Metropolitan Lille Urban Community granted recoupable advances in the amount of € 1,000 thousand and € 500 thousand, respectively. The first of these two advances has been repaid in full, whereas the capital still due with respect to the Metropolitan Lille Urban Community recoupable advance is € 28 thousand.

Lastly, as of December 31, 2015, repayable public grants totaled € 3,998 thousand.

For further information, please refer to Note 6.13.1.1 "Repayable and Conditional Advances" of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which can be found in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015."

Bank loans

As of December 31, 2015, the Company benefits from 5 loans intended, in particular, to finance the acquisition of scientific and IT equipment.

Crédit Industriel et Commercial	In August 2013, GENFIT borrowed • € 200 thousand; • repayable in 41 months, and the repayment of which began following a 5-month grace period; • at the effective interest rate of 1.89%. As of December 31, 2015, the outstanding principal amount totaled € 68 thousand (2014: € 135 thousand).
Crédit du Nord	In September 2013, GENFIT borrowed • € 150 thousand; • repayable in three years; • at the effective tax rate of 2.11%. As of December 31, 2015, the outstanding principal amount totaled € 34 thousand (2014: € 84 thousand).

Banque Neuflyze OBC	In June 2014, GENFIT borrowed • € 150 thousand; • repayable in three years; • at the effective interest rate equal to the Euribor 3 months +2.5%. As of December 31, 2015, the outstanding principal amount totaled € 75 thousand (2014: € 125 thousand).
Banque Nationale de Paris – Paribas	In December 2014, GENFIT borrowed • € 500 thousand; • repayable in 60 monthly payments; • at the effective tax rate of 2.00%. As of December 31, 2015, the outstanding principal amount totaled € 403 thousand (2014: € 500 thousand).
Crédit Industriel et Commercial	In March 2015, GENFIT borrowed • € 500 thousand; • repayable in 48 monthly payments; • at the effective tax rate of 0.85%. As of December 31, 2015, the outstanding principal amount totaled € 408 thousand.

10.1.3 Off Balance Sheet Commitments

Please refer to notes 6.7 and 6.28 of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which can be found in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015" of this Registration Document.

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

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

Audited consolidated data (in € thousands)	Year ended	
	2015/12/31	2014/12/31
Cash flows from operating activities	(14 870)	(15 445)
Cash flows from investing activities	3 496	(5 006)
Cash flows from financial activities	(520)	71 535
Net increase / (decrease) in cash & cash equivalents	(11 894)	51 083

10.2.1 Cash flow from operating activities

In 2015, cash flow from operating activities amounted to € (14,870) thousand against € (15,445) thousand in 2014.

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. This is currently no corresponding revenue stream to offset said expenditures.

10.2.2 Cash flow from investment activities

Cash flow from investment activities reached € 3,496 thousand in 2015 against € (5,006) thousand in 2014.

This change is mainly due to financial assets restated as cash equivalents post-redemption ; these financial assets were negotiable medium-term notes and were sold, the available funds were thus used or placed in instruments that met the criteria for cash equivalents.

10.2.3 Cash flow from financing activities

In the 2015 and 2014 fiscal years, cash flow from financing activities amounted to € (520) thousand and € 71,535 thousand, respectively. This significant change is mainly due to the absence of any share capital increases in 2015, and raising the total gross amount of € 75.7 million in 2014 (which corresponds to approximately € 72.3 million in proceeds, net of any issue fees) via the following three transactions:

- A share capital increase with preferential subscription rights carried out in February 2014 for a total amount of € 5 million;
- A share capital increase via private placement carried out in June 2014 for a total amount of € 49.7 million;
- A share capital increase via private placement carried out in December 2014 for a total amount of € 21 million;

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

The other elements of cash flow are the following:

- New loans and public financing

In 2015, the Company took out a new € 500 thousand loan with Crédit Industriel et Commercial and received € 305 thousand in connection with various financial aid initiatives for innovation and repayable advances.

In 2014, new loans totaled € 650 thousand and the Company received € 209.7 thousand in connection with various financial aid initiatives for innovation and repayable advances.

- Repayment of loans and public financing

In 2015, the Company repaid € 650 thousand in repayable and conditional advances and € 931.2 thousand in bank loans and a loan with a participation feature.

In 2014, of the aggregate € 1,605.5 thousand in debt repaid, € 967.3 thousand was allocated to meet payment deadlines for repayable advances, while the remaining balance represented mainly the repayment of bank loans and a loan with a participation feature for a total of € 610.5 thousand.

10.3 RESTRICTION ON THE USE OF EQUITY

With the exception of security deposits (€ 115 thousand) and deposits and sureties (€ 233 thousand) recognized as non-current and current financial assets as of December 31, 2015, the Company is not subject to any restriction on the use of its equity.

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

11.1 RESEARCH AND DEVELOPMENT ACTIVITIES

All of the Company's business activities are focused on the pharmaceutical research and development of innovative drug candidates and biomarker candidates. These activities are described in detail in section 6 "Overview of the Group's Business" 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 encompasses patent applications and patents on drug candidates, patent applications and patents on innovative methods and tools, registered trademarks, domain names and copyrights as well as, more generally, all of the Company's know-how.

As of the date of this Registration Document, the Company has a portfolio of 407 patents applications and patents on 23 separate inventions. Elafibranor, in particular, the most advanced drug candidate in its pipeline, is subject to 11 patent families, both pending and granted.

11.2.1 Actions taken to protect intellectual property

Intellectual property matters and patents, in particular, are critically important in the Company's business sector.

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

After checking their patentability, this department dedicates itself to the protection of innovations by preparing and filing the strongest and most relevant patent applications possible, to 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, to ensuring compliance with its own 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. It manages other intellectual property rights and the contracts concerning said rights. In addition, the Company uses an outside intellectual property advisory firm to assist its internal team. Lastly, it developed technological monitoring tools.

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.

The Company's contractual relations relative to its collaborative research alliances always take into account its intellectual property interests in order to ensure it maintains full ownership of inventions it deems useful to retain in its portfolio. In the context of these

partnerships, the third party owns the inventions subject to the research contract (and it must pay royalties to the Company if the invention is marketed). However, the Company owns the inventions surrounding research tools developed by the Company for the research program, while granting said third party a permanent and free license to the third party in said collaborative research program.

The Company's intellectual property rights (patents, trademarks, copyrights) are generated, in particular, by the Company's internal research and development efforts.

11.2.2 Patents and Patent Applications

The patent portfolio experiences a steady growth of new patent applications. 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. Lastly, this portfolio concerns certain research technologies developed for or by the Company.

As of the date of this Registration Document, the patent portfolio includes 407 pending patent applications and active patents, representing 24 patent families, of which 12 are related to the drug candidate Elafibranor, and each of which corresponds to a specific invention. Overall, 329 patents were granted or delivered concerning 23 separate inventions.

This portfolio includes 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. The Company always aims to optimize the protection of its products, a protection focused on the molecules themselves, on their production process, and on their use (effectively preventing 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.

All patent applications are subject to extensive pre-filing preparatory work, including research and the in-depth study of prior art. This is helpful to ensure the patentability of a given invention and also to position the invention compared to previous already-published work. The preparatory work also relies on close collaboration with researchers in order to ensure good descriptions of the examples (molecule synthesis, biological examples, production processes, etc.). In addition, this allows to determine and target the most appropriate scope for the protection sought, and to submit the most complete patent application to the various patent offices to secure the rights quickly by quickly obtaining granted patents.

The Company's patent portfolio is constantly changing and is evaluated on a regular basis to ensure that said portfolio and the Company's business activities are well synchronized, particularly with respect to molecules under development.

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.

Without exception, the Company fully owns all of the patent applications and patents for the drug candidates or biomarkers it currently develops.

(i) Portfolio of fully-owned patents

The fully-owned portfolio encompasses three main categories of patents:

Patents on Elafibranor

Elafibranor is a molecule synthesized and developed by the Company, which is currently undergoing Phase III of its clinical development. As of the date of this Registration Document, 323 patent applications and patents concern Elafibranor, representing 12 separate patent families. This patent portfolio represents nearly 80% of the portfolio and is in constant evolution. Indeed, new patent applications are filed upon the demonstration of new results and/or the identification of new medical applications.

The portfolio of patents for Elafibranor includes patent applications and patents pertaining to the product itself, its compositions or combinations with other active principles, for example, and its synthesis processes and uses in treatment methods for various diseases, for example.

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.

Ten 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 for medical use. One of the most recently filed patent applications mainly protects the use of the Elafibranor compound, mostly in the treatment of primary sclerosing cholangitis (PSC) and primary biliary cirrhosis (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 280 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 5 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" - "Risks related to the Company's ability to obtain, extend, and enforce its patents and other intellectual property rights."

Patents on dosing/diagnostic tools, including biomarkers

As of the date of this Registration Document, there are 12 such patent applications or patents of the total 407 in its portfolio, representing 3 patent families, including a family of biomarkers. They represent nearly 3% of the portfolio.

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 disorders.

These patent applications or patents are also very important for the Company as they secure its monopoly over the use of and the freedom to fully exploit the new tools and methods it uses to conduct its research. In addition, they improve 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.

These patent applications or patents create value from non molecule-focused Company research programs and become profitable faster than molecule-focused programs. They make innovation efforts profitable and provide a means for protecting the corresponding competitive advantage they offer.

Patents on new molecules and their medical uses (excluding Elafibranor) or on new medical indications

As of the date of this Registration Document, there are 72 such patent applications or patents of the total 407 in its portfolio, representing 9 patent families. They represent nearly 18% of its portfolio and the number of patent applications and patents should continue to grow in the future. 39 of them have been either granted or delivered and the remaining 33 are currently pending.

These patent applications and patents claim intellectual property rights over new families of molecules developed in the Company's laboratories.

A vast screening program enabled the identification of molecules offering new medical opportunities of interest to the Company. New molecules were also discovered in connection with the aforementioned program. The program led to the filing of 4 new priority patent applications in Europe.

(ii) Patents on drug candidates developed in the context of collaborative research alliances

Concerning the drug candidates developed in the context of collaborative research alliances, the Company's partners own the rights to the products derived from said partnerships. However, this does not apply to Elafibranor, for which the Company holds all patents.

The agreements governing the terms of said collaborative research alliances provide for the industrial partner to own the drug candidates developed in the context of the partnerships, however, the Company owns the technologies developed during said partnerships while granting a free use license to the industrial partner.

In the event that the partner decides to discontinue the development of the drug candidates resulting from the collaboration, and that the Company decides it wishes to continue developing said drug candidates unilaterally, the Company may be subject to the payment of milestone and royalty dues (which is not the case as of the date hereof).

There are currently two drug candidates under development resulting from said partnerships that share such intellectual property status: the first is developed by Laboratoires Servier and the second by Sanofi. For further information, please refer to section 22 "Material Contracts."

However, concerning academic collaborations, and whenever such collaborations involve a drug candidate or a biomarker candidate in the Company's proprietary product portfolio, the agreements always secure the Company's ownership of the research results. This is the case, in particular, for the research conducted until 2014 in the context of the It-Diab and Olnorme research consortia.

(iii) Freedom to Operate

Freedom to operate studies for Elafibranor were conducted in all of the countries in which the Company seeks to protect its intellectual property rights, in order to ensure that Elafibranor's use and medical applications, as described in the patent applications and patents by the Company, are free of any third party rights. The freedom to operate of innovations under development at the Company is routinely reviewed in order to make sure that the Company's use is not subject to third party rights. Indeed, the Company wishes to acknowledge and comply with any third party intellectual property rights.

11.2.3 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.

11.2.4 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.

11.2.5 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.

11.3 RESEARCH EXPENDITURES

Research and development expenses incurred in the 2015, 2014, and 2013 fiscal years are presented in Note 6.20 of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which can be found in section 20.1.1 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2015" and in Note 1.2.2.8 of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2014, which can be found in section 20.1.2 "Consolidated Financial Statements for the Fiscal Year ended December 31, 2014" of this Registration Document and in Note 1.2.2.8 of the Notes to the Consolidated Financial Statements for the 2014 fiscal year included in this Registration Document.

12 TREND INFORMATION

The Company intends to continue its value creation strategy based on developing its proprietary therapeutic and diagnostic assets; and in particular by developing Elafibranor, the drug candidate at the most advanced development stage and that the Company foresees as being the main catalyst for growth in the coming years.

The Company also intends to benefit from the pivotal Phase III clinical trial of Elafibranor in NASH (RESOLVE-IT) in progress at the time of this Registration Document, to move forward with the associated biomarker program; the validation of the algorithm developed in 2015 could thus significantly strengthen the value of Elafibranor.

While the available cash at the date of this Registration Document allowed the Company to launch the pivotal Phase III trial RESOLVE-IT, it is not sufficient to cover the mid-term financing needs of the Company to 2019, date when the Company would anticipate receiving the marketing authorization of Elafibranor in NASH.

In order to finance this last phase of clinical development of Elafibranor in NASH, but also the other planned clinical developments associated with Elafibranor, including in PBC, and the continuation of the Company's other proprietary research programs following financial options are considered and preferred by the Company:

- industrial co-development license(s) for Elafibranor; and
- licensing agreement(s) for the commercialization of Elafibranor with one or several biopharmaceutical companies for most of its market potential;
- retention by the Company of certain territorial commercialization rights for the co-marketing of Elafibranor;
- alternative non-dilutive financing;
- capital increase(s).

For information regarding revenues and cash position of the Company in the first quarter 2016, see Section 20.8 – “First Quarter 2016 Financials” of this Registration Document.

13 PROFIT FORECASTS OR ESTIMATES

The Company does not make profit forecasts or estimates.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

The Company is a société anonyme with an Executive Board and a Supervisory Board.

14.1 MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

14.1.1 Executive Board

The Executive Board of the Company comprises the following people:

Jean-François MOUNEY, 60 years old, French	Professional address 885, Avenue Eugène Avinée – 59120 LOOS	Number of Genfit’s shares held : 8,339 shares and 17.1 % of Biotech Avenir
Chairman of the Executive Board of Genfit SA		
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: Supervisory Board of July 3, 2013	End of the current office : July 3, 2018	
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	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	

Nathalie HUITOREL, 54 years old, French.	Professional address 885, Avenue Eugène Avinée – 59120 LOOS	Number of Genfit's shares held : 2,591 shares and 0 % of Biotech Avenir
Member of the Executive Board of Genfit SA		
PROFESSIONAL EXPERIENCE / EXPERTISE		
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 oversees the financial, management and human resources departments.		
TERM OF OFFICE		
1st appointment : Supervisory Board of July 3, 2008 – Last renewal: Supervisory Board of July 3, 2013	End of the current office: July 3, 2018	
OPE RATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Executive Vice President, Finance and Administration, Genfit SA Director, Genfit Corp Member of the Executive Board of Genfit Pharmaceuticals SAS	None	

Dean HUM , 54 years, Canadian	Professional address 885, Avenue Eugène Avinée – 59120 LOOS	Number of Genfit's shares held : 10 shares and 6.2% of Biotech Avenir
Member of the Executive Board of Genfit SA		
PROFESSIONAL EXPERIENCE / EXPERTISE		
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.		
TERM OF OFFICE		
1st appointment : Supervisory Board of May 13, 2014	End of the current office : May 13, 2019	
OPE RATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chief Scientific Officer and Chief Operating Officer, Genfit SA Director, Genfit Corp	None	

14.1.2 Supervisory Board

At the date of this Registration Document, after FINORPA's resignation from the Supervisory Board and the appointment of Mr. Philippe Moons decided by the Supervisory Board in its meeting on July 16, 2015, ratified by the Shareholder's meeting on June 21, 2016, the Supervisory Board is made up of the following members:

Xavier GUILLE DES BUTTES 74years old, French		Number of Genfit's shares held : 771 shares
Chairman of Genfit's Supervisory Board, of which he is an independent member. Member of the Appointment and Compensation Committee and member of the Audit Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the ESSCA (l'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 since October 18, 2006, he currently chairs the Supervisory Board since April 5, 2008. In addition to his responsibilities at Genfit, he also serves as a corporate director of several companies. He holds offices within Delpharm Holding (pharmaceutical manufacturing), Diagast, a subsidiary of the French national blood service and Hemarina, a start-up located in Morlaix. Xavier GUILLE DES BUTTES also chairs the Foundation of the Catholic University of Lille and is a knight of the Legion of Honour		
TERM OF OFFICE		
1st appointment : October 18, 2006 <u>Last renewal :</u> June 21, 2016	End of the current office: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2020	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Member of the Supervisory Board of the Companies Diagast and Hermarina, Member of the Board of partners Delpharm Holding.	During the last five years, Xavier Guille des Buttes has also held the following offices and positions, which he no longer holds : Member of the Supervisory Board of Ouest Angels	

Charles WOLER 66 years old, French		Number of Genfit's shares held : 64 shares
Vice-Chairman of the Supervisory Board of Genfit SA, of which he is an independent member – Chairman of the Appointment and Compensation Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
A medical graduate, has a Master degree in Clinical Pharmacology and Pharmacokinetics, and an MBA. He has acquired more than 30 years 'experience in the healthcare industry, holding positions of responsibility in SMEs and major French and European pharmaceutical groups. He notably served as Chief Executive Officer of Roche France and President of Smithkline Beecham Europe. He has also held various senior managerial positions in the biotechnology industry in France and the United States, for Cadus Pharmaceutical (CEO) and Imclone System (executive committee member) - both biotechnology companies listed on Nasdaq, Neuro3d, Endotis Pharma and Biomnis (CEO).		
TERM OF OFFICE		

<u>1st appointment :</u> October 18, 2006 <u>Last renewal:</u> June 21, 2016	<u>End of the current office:</u> Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2020
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES	
Chief Executive Officer of Biomnis, Chairman of BioDS, Chairman of the Supervisory Board of InflammAlps (Swiss), Chairman of the Board of Synexus (UK)	During the last five years, Charles Woler has also held the following offices and positions, which he no longer holds : Chief Executive Officer of Endotis Pharma Member of the Supervisory Board of Gastrotech Chairman of seed funding ITI

Frédéric DESDOUITS 48 years old, French		Number of Genfit's shares held : 100 shares
Member of the Supervisory Board of Genfit SA and member of the Appointment and Compensation Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
Mister Frédéric Desdouits is head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence since 2011. He is 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). Between 2008 and 2011, Frederic was Board member at Exonhit Therapeutics (now Diaxonhit Therapeutics) and member of the M&A subcommittee. Frédéric Desdouits is 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 and is a CEFA (Certified European Financial Analyst).		
TERM OF OFFICE		
<u>1st appointment :</u> June 20, 2014	<u>End of the current office :</u> Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2017	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Vice-Chairman – Head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence Department	During the last five years, Charles Woler has also held the following offices and positions, which he no longer holds : Manager of Gidéa Chairman of Bionest Partners Managing Partner of Bionest Partners Finance Member of the Supervisory Board of Exonhit Therapeutics	

BIOTECH AVENIR, represented by Florence SEJOURNE 44 years old, French	Professional address 885, Avenue Eugène Avinée – 59120 LOOS	Number of Genfit's shares held : 1,770,574 shares Number of Genfit shares held by Florence Séjourné : 64 and 9.9% of Biotech Avenir
Member of the Supervisory Board of Genfit SA – Member of the Audit Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the Ecole des Mines of Paris (Biotechnology option) and holding a master 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 to 2008. Since then, she is Chairman of the Company Da Volterra.		
TERM OF OFFICE		
<u>1st appointment</u> : At creation of the Company, September 15, 1999 <u>Last renewal</u> : June 21, 2016	<u>End of the current office</u> : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2020	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chairman of the Company Da Volterra Chairman of the Executive Board of Biotech Avenir	None	

Philippe MOONS* 64 years old, French		Number of Genfit's shares held : 85
Member of the Supervisory Board of Genfit SA, of which he is an independent member – Chairman of the Audit Committee		
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 1995, 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 to his current responsibilities at Finorpa and Genfit, where he serves as a corporate director, Philippe Moons is a member of the Supervisory 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		
<u>1st appointment</u> : 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 : None	<u>End of the current office</u> : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2017	
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, 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.

14.1.3 Declarations concerning members of the Executive Board and the Supervisory Board

To the knowledge of the Company, there are no family relationships between the above persons.

To the knowledge of the Company, the declarations below apply to the above persons over the last five years:

- they were not convicted of fraud ;
- they were not involved (as an executive or a director) in bankruptcy, administration or liquidation proceedings ;
- they have not been prohibited from managing a company ; and
- they have not been held criminally liable or had official public sanctions imposed against them by a statutory or regulatory authority, including professional organizations.

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

Certain members of the Executive Board and the Supervisory Board are directly or indirectly shareholders of the Company (see details in Section 17.3 – “Equity, Share Warrants, Founders’ Share Warrants, Stock Options and Free Shares Granted to Corporate Officers”).

To the knowledge of the Group, no current or potential conflict of interest exists between the private interests of members of the Company’s Executive Board and Supervisory Board and the Company’s interests.

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 Executive Board or Supervisory Board 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 “Executives and members of the Supervisory Board” of this Registration Document concerning the sale of their interest in the Company.

15 REMUNERATION AND BENEFITS

15.1 REMUNERATION OF CORPORATE OFFICERS

Compensation for the executive officers (members of the Company's Executive Board) consists of fixed compensation and an advantage in kind for the paid functions and duties that they exercise within the Company, potentially supplemented by:

- Variable annual compensation granted by the Supervisory Board for the fiscal year for their term as officer;

- Exceptional 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’interressement*) of this Registration Document).

Since 2014, they are also eligible for redeemable share subscription warrants (BSAAR).

Compensation for non-executive corporate officers, independent individuals on the Supervisory Committee, shall consist of director's fees and also equity warrants (BSA) since 2014.

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, 2015 and 2014 and the compensation received by these same individuals during these same fiscal years.

Table 4 shows the instruments giving access to capital allocated to each executive officer or non-executive officer, during the 2015 fiscal year.

Tables 8 shows the allocation history for stock options and share warrants, and lastly, table no. 11 provides additional information on terms for compensation and other advantages granted to executive officers (members of the Executive Board)

Tables nos. 5 to 7 and 9 and 10 recommended by the AMF for transparency of compensation for corporate officers do not apply.

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

Summary table of remuneration (1), options and shares allocated to each executive officer		
	Financial year ended December 31, 2015	Financial year ended December 31, 2014
Jean-François MOUNEY - Chairman of the Executive Board		
Remuneration due for the financial year	€ 676 005	€ 1 207 216
Valuation IFRS 2 of the option granted during the financial year	€ 0	€ 167 147
Valuation of the free stock options granted during the financial year	€ 0	0
TOTAL	€ 676 005	€ 1 374 363
Nathalie HUITOREL - member of the Board		
Remuneration due for the financial year	€ 228 940	€ 297 093
Valuation IFRS 2 of the option granted during the financial year	€ 0	€ 149 271
Valuation of the free stock options granted during the financial year	€ 0	0
TOTAL	€ 228 940	€ 446 365
Dean HUM - member of the Board (2)		
Remuneration due for the financial year	€ 474 944	€ 490 044
Valuation IFRS 2 of the option granted during the financial year	€ 0	€ 155 880
Valuation of the free stock options granted during the financial year	€ 0	0
TOTAL	€ 474 944	€ 645 924

(1) The amounts indicated are gross amounts

(2) The office of Dean Hum began on May 13, 2014

The remuneration indicated correspond to the period of exercise of its office

15.1.1 Table n° 2: summary table of remuneration allocated to each executive officer

Summary table of remuneration (1) of each Executive corporate officer				
	Financial year ended December 31, 2015		Financial year ended December 31, 2014	
	Amount due	Amount paid	Amount due	Amount paid
Jean-François MOUNEY - Chairman of the Executive Board				
Fixed annual remuneration	487 272 €	472 272 €	372 978 €	360 431 €
Variable remuneration	0	0	27 178 €	27 178 €
Exceptionnal remuneration	167 927 €	140 761 €	785 696 €	617 901 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	20 806 €	20 806 €	21 364 €	21 364 €
TOTAL	676 005 €	633 838 €	1 207 216 €	1 026 874 €
Nathalie HUITOREL - member of the Board				
Fixed annual remuneration	148 335 €	143 720 €	99 272 €	100 825 €
Variable remuneration	0	0	7 183 €	7 183 €
Exceptionnal remuneration	77 237 €	63 598 €	187 270 €	133 796 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	3 368 €	3 368 €	3 368 €	3 368 €
TOTAL	228 940 €	210 686 €	297 093 €	245 172 €
Dean HUM - member of the Board (2)				
Fixed annual remuneration	251 419 €	242 573 €	101 689 €	90 145 €
Variable remuneration	0	0	0 €	125 €
Exceptionnal remuneration	220 029 €	149 542 €	386 123 €	245 295 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	3 497 €	3 497 €	2 232 €	2 232 €
TOTAL	474 944 €	395 611 €	490 044 €	337 797 €

(1) The amounts indicated are gross amounts

(2) The office of Dean Hum began on May 13, 2014

The remuneration indicated correspond to the period of exercise of its office

Advantages in kind are a vehicle for each officer and GSC unemployment insurance for the Chairman of the Executive Board.

Regarding the exceptional remuneration, see the description of the incentive plan described in Section 17.5 – "Statutory Profit-sharing (*Contrats de participation*) and Discretionary Profit-sharing (*Contrats d'intéressement*)" of this Registration Document.

The Nomination and Compensation Committee must set the criteria for determining the compensation of the directors and officers for the current fiscal year.

15.1.2 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				
Non executive officers	Amounts due* during the fiscal year 2015	Amounts paid* during the fiscal year 2015	Amounts due* during the fiscal year 2014	Amounts paid* during the fiscal year 2014
Xavier GUILLE DES BUTTES				
Attendance fees	20 935 €	20 935 €	21 330 €	21 725 €
Other remuneration				
TOTAL	20 935 €	20 935 €	21 330 €	21 725 €
Charles WOLER				
Attendance fees	6 715 €	6 715 €	8 690 €	8 690 €
Other remuneration				
TOTAL	6 715 €	6 715 €	8 690 €	8 690 €
Frédéric DESDOUITS				
Attendance fees	9 085 €	9 085 €	3 160 €	3 160 €
Other remuneration				
TOTAL	9 085 €	9 085 €	3 160 €	3 160 €
BIOTECH AVENIR represented by Florence Séjourné				
Attendance fees	- €	- €	- €	- €
Other remuneration				
TOTAL	- €	- €	- €	- €
FINORPA represented by Philippe Moons				
Attendance fees	- €	- €	- €	- €
Other remuneration				
TOTAL	- €	- €	- €	- €
Philippe MOONS				
Attendance fees	4 740 €	4 740 €	- €	- €
Other remuneration				
TOTAL	4 740 €	4 740 €	- €	- €
TOTAL	41 475 €	41 475 €	33 180 €	33 575 €

* after deduction of the 21% flat rate tax

15.1.3 Table n° 4 : instruments giving access to capital allocated to each officer during the fiscal year

The following table summarizes the instruments giving access to capital allocated to each corporate officer at the date of this Registration Document.

At the date of this Registration Document, none of the warrants have been exercised.

Capital instruments allocated to each corporate officer during the financial year							
	Date of the Executive Board meeting	Nature of the instrument	Valuation of the Instrument (1)	Number of instruments allocated during the financial year	Number of instruments subscribed during the financial year	Exercise Price	Term of exercise
Jean-François Mouney	15/09/2014	BSAAR 2014-B(2)	70 415,73 €	-	6 237	23,50 €	04/05/2019
	15/09/2014	BSAAR 2014-C(2)	70 415,73 €	-	6 237	23,50 €	01/07/2019
Nathalie Huitorel	15/09/2014	BSAAR 2014-B (2)	70 415,73 €	-	6 237	23,50 €	04/05/2019
	15/09/2014	BSAAR 2014-C(2)	70 415,73 €	-	6 237	23,50 €	01/07/2019
Dean Hum	15/09/2014	BSAAR 2014-B(2)	60 378,92 €	-	5 348	23,50 €	04/05/2019
	15/09/2014	BSAAR 2014-C(2)	70 415,73 €	-	6 237	23,50 €	01/07/2019
Xavier Guille des Buttes	24/07/2014	BSA 2014 -B(3)	219 008,30 €	-	14 030	23,50 €	28/02/2019
Charles Woler	24/07/2014	BSA 2014 -B(3)	146 031,55 €	-	9 355	23,50 €	28/02/2019
Frédéric Desdouts	09/01/2015	BSA 2015 -A(3)	177 689,95 €	7 015	7 015	35,95 €	31/05/2019
	09/01/2015	BSA 20145 -B(3)	177 689,95 €	7 015	7 015	35,95 €	30/11/2019

(1) according to the method used for consolidated financial statements (IFRS 2)

(2) Exercise price of each BSAAR 2014 is € 5,61

(3) Subscription price of each BSA 2014 and of each BSA 2015 is € 0.01

The 2014-B and 2014-C BSAAR and the 2014-B BSA were granted during the 2014 fiscal year but subscribed by their beneficiaries during the 2015 fiscal year.

15.1.4 Tables n° 5 to 7 : instruments giving access to capital exercised by each corporate officer during the fiscal year – free shares granted and vested for each corporate officer

Tables n° 5 to 7 recommended by the AMF for transparency in the compensation of corporate officers are not applicable.

15.1.5 Table n° 8: history of allocation of instruments giving access to capital allocated by the Company to officers

The table summarizes the history of allocation of instruments giving access to capital allocated by the Company to corporate officers and still in place at the date of this Registration Document:

In 2014, Genfit established a BSAAR plan for the Company's directors and employees, including the Company's executive officers. 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.

History of allocations of financial instruments giving access to share capital Information on redeemable share subscription warrants (BSAAR) allocated to executive officers			
	BSAAR 2014 A	BSAAR 2014 B	BSAAR 2014 C
Date of the Shareholder's meeting	02/04/2014	02/04/2014	02/04/2014
Date of the Executive board meeting	15/09/2014	15/09/2014	15/09/2014
Methods of exercise	1 bon / 1 share Exercisable in tranches of 1/3 of the number of BSAAR held by each beneficiary		
Subscription periods	19/09 to 15/10/2014	7/05 to 29/05/2015	06/07 to 31/07/2015
Warrants that may be subscribed by executive officers	5 901	17 822	18 711
- of which : Jean-François Mouney	3 118	6 237	6 237
- of which : Nathalie Huitorel	1 000	6 237	6 237
- of which : Dean Hum	1 783	5 348	6 237
Start date for exercise of BSAAR	15/09/2015	15/09/2015	15/09/2015
Term of exercise of BSAAR	15/09/2018	04/05/2019	01/07/2019
Issue Price	5,61 €	5,61 €	5,61 €
Exercise price	23,50 €	23,50 €	23,50 €
Subscribed shares as per date of this Registration Document	0	0	0
Non exercisable or outstanding BSAAR	0	0	0
Remaining BSAAR as per date of this Registration Document	5 901	17 822	18 711

In 2014 and then in 2015, Genfit established two BSA plans, some of which were for independent individual members of the Supervisory Board of the Company.

History of allocations of financial instruments giving access to share capital Information on equity warrants (BSA) allocated to non executive officers (Independent members of the Supervisory Board)				
	BSA 2014 A	BSA 2014 B	BSA 2015 A	BSA 2015 B
Date of the Shareholder's meeting	02/04/2014	02/04/2014	02/04/2014	02/04/2014
Date of the Executive board meeting	24/07/2014	24/07/2014	09/01/2015	09/01/2015
Exercise terms	1 warrant / 1 share Exercisable per tranches of a minimum number of BSA equal to 2.000 or a multiple of 2.000, except outstanding balance			
Methods of exercise	01/08 to 15/09/2014	du 2/01 to 15/02/2015	du 20/01 to 25/02/2015	du 01/07 to 15/09/2015
Warrants that may be subscribed by non executive officers	23 385	23 385	7 015	7 015
- of which : Xavier Guille des Buttes	14 030	14 030	-	-
- of which : Charles Woler	9 355	9 355	-	-
- of which : Frédéric Desdouits	-	-	7 015	7 015
Start date for exercise of BSA	01/11/2014	01/03/2015	01/06/2015	01/12/2015
Term of exercise of BSA	30/09/2018	28/02/2019	31/05/2019	30/11/2019
Issue Price	0,01 €	0,01 €	0,01 €	0,01 €
Exercise price	23,50 €	23,50 €	35,95 €	35,95 €
Subscribed shares as per date of this Registration Document	0	0	0	0
Non exercisable or outstanding BSA	0	0	0	0
Remaining BSAs as per date of this Registration Document	23 385	23 385	7 015	7 015

As of the date of this Registration Document, no warrants have been exercised.

15.1.6 Tables n° 9 to 10 : options to subscribe or purchase granted to the first ten employees (excluding officers) – history of free share allocations

Tables n°9 and 10 recommended by the AMF for transparency of compensation to officers are not applicable.

15.1.7 Table n° 11 : additional information on terms for compensation and other advantages granted to executive officers (members of the Executive Board)

The following table provides additional information on the terms of compensation and other advantages granted to each executive officer during the fiscal year:

Executive officers	Employment contract		Supplementary pension benefit plan		Compensations or benefits due or likely to be due in respect of the termination or change of position		Compensation related to a non-competition clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-François MOUNEY Chairman of the Executive Board First appointment : 9/15/1999 Term of office: 7/3/2018	X ⁽¹⁾			X	X ⁽²⁾			X
Nathalie HUITOREL Member of the Executive Board First appointment : 7/3/2008 Term of office : 7/3/2018	X			X		X		X
Dean HUM Member of the Executive Board First appointment : 5/13/2014 Term of office : 5/13/2019	X			X		X		X

(1) Jean-François MOUNEY has had an employment contract since the founding of the Company (1999) covering his technical role which is distinct from his status as Chairman of the Executive Board of Genfit SA. The Company maintains this contract because of its history and the separate technical role which is still applicable to date. He also has as a 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").

(2) Jean-François MOUNEY has an employment contract as a general manager. Under the terms of his employment contract, Jean-François Mouney is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or willful misconduct) or resignation, as well as 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 and increased by additional compensation of one month's salary per year of service within GENFIT. The commitment (gross amount + employers' contributions) at the end of 2015 amounted € 1,197k. The Group is considering putting in

place, prior to the end of the third quarter 2016 recommendation R3 of the MiddleNext Code which provides that this severance may represent at a maximum two years' gross salary.

15.2 AMOUNTS SET ASIDE BY THE COMPANY FOR PENSIONS, RETIREMENT AND OTHER BENEFITS FOR CORPORATE OFFICERS

The Company has not set aside any provisions for pensions or other benefits for executive officers other than for the standard pension plans and rights acquired under their employment contracts.

15.3 SUMMARY TABLE OF SHAREHOLDING OF MEMBERS OF EXECUTIVE BOARD AND SUPERVISORY BOARD OF THE COMPANY

The interests of the executive and non-executive officers in the Company's capital were as follows as of the date of this Registration Document:

Directors and executive officers	Number of shares	% of share capital	Number of shares resulting from the potential exercise of BSAAR	Number of shares resulting from the potential exercise of BSA	Total % after the potential exercise of warrants
Jean-François MOUNEY	8 389	0.03%	15 592	NA	0.09%
Nathalie HUITOREL	2 591	0.01%	13 474	NA	0.06%
Dean HUM	10	0.00%	13 368	NA	0.05%
Xavier GUILLE DES BUTTES	771	0.00%	NA	28 060	0.11%
Charles WOLER	64	0.00%	NA	18 710	0.07%
Frédéric DESDOUITS	100	0.00%	NA	14 030	0.05%
Philippe Moons	85	0.00%	NA	NA	0.00%
Biotech Avenir (1)	1 770 574	6.72%	NA	NA	6.77%
Florence Séjourné (2)	64	0.00%	NA	NA	0.00%

(1) Jean-François Mouney holds 17.1% of Biotech Avenir, while Dean Hum holds 6.2%, Florence Séjourné holds 9.9%, and 12 GENFIT employees together hold 9.6%. The remaining 57% is held by third parties (15 individuals). Nathalie Huitorel does not own any Biotech Avenir shares.

(2) Florence Séjourné is the permanent representative of Biotech Avenir to the Company's Supervisory Board.

16 BOARD PRACTICES

16.1 EXECUTIVE AND SUPERVISORY BOARDS

The composition of the Executive Board and Supervisory Board, as well as information on their respective members, is subject to the changes presented in Section 14 "Administrative, Executive, and Supervisory Bodies" and section 21.2.2 "Executive and Supervisory Bodies" of this Registration Document.

Their methods of operation are described in further detail in Chapter 1 of the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control for the 2015 fiscal year, which can be found in APPENDIX 1 of this Registration Document.

16.2 INFORMATION ON THE CONTRACTS BINDING THE SENIOR EXECUTIVES TO THE COMPANY

The members of the Executive Board hold an employment contract, the characteristics of which are provided in section 19.2 - "Related Party Transactions" of this Registration Document.

There are no other contracts binding the Company to members of the Executive Board or Supervisory Board.

16.3 SPECIALIZED COMMITTEES

16.3.1 The Audit Committee

The Audit Committee is composed of at least three members, appointed by the Supervisory Board. At least one member of the Audit Committee must be independent and have an advanced understanding of finance or accounting.

As of the date of this Registration Document, the members of this Committee are:

- Philippe Moons, Chairman of the Audit Committee,
- BIOTECH AVENIR, represented by Florence Séjourné,
- Xavier Guille des Buttes.

Two of the three Supervisory Board 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:

- 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,
- consider the necessity of making any potential change to its accounting methods,

- assess, at least twice per year, the quality of the Company's internal control and risk management procedures, and
- ensure the independence and objectivity of the Company's statutory auditors.

Over the course of the 2015 fiscal year, the Audit Committee met three times, and the attendance rate was 100%.

In addition, the Audit Committee has its own internal charter, which describes its composition, method of operation, and duties, as well as the commitment to ethics each member must make.

Their methods of operation are described in further detail in Chapter 1 of the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control for the 2015 fiscal year, which can be found in APPENDIX 1 of this Registration Document.

16.3.2 Appointment and Compensation Committee

The Appointment and Compensation Committee is composed of at least three members, appointed by the Supervisory Board. The Committee is chaired by and comprised of Supervisory Board members who are independent relative to the Middlednext Code's set criteria.

As of the date of this Registration Document, the members of this Committee are:

- Charles Woler, Chairman of the Appointment and Compensation Committee,
- Xavier Guille des Buttes,
- Frédéric Desdouts.

The Appointment and Compensation Committee meets at least three times per year, as requested by its Chairman. Meeting are held at the location specified in the notice of meeting.

The Appointment and Compensation Committee's main duties are the following:

- ensure the professionalism and objectivity of the appointment procedure for senior executives and corporate officers,
- assess the status of each of its Executive Board and Supervisory 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, and
- formulate proposals to the Supervisory Board concerning the elements of compensation or benefits granted to senior executives and corporate officers.

Over the course of the 2015 fiscal year, the Appointment and Compensation Committee met three times, and the attendance rate was 89%.

In addition, the Appointment and Compensation Committee has its own internal charter, which describes its composition, method of operation, and duties, as well as the commitment to ethics each member must make.

Their methods of operation are described in further detail in Chapter 1 of the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control for the 2015 fiscal year, which can be found in APPENDIX 1 of this Registration Document.

16.3.3 Scientific Advisory Board

The Scientific Advisory Board is not a Supervisory Board committee in the meaning of Article R. 225-29 of the French Commercial Code. The Executive Board selects its members. This type of advisory committee is very common for companies in the biotech industry.

Its role, composition, and methods of operation are described in further detail in Chapter 1 of the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control for the 2015 fiscal year, which can be found in APPENDIX 1 of this Registration Document.

16.4 CORPORATE GOVERNANCE

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 reviewed all of its corporate governance practices.

In this context, on March 11, 2014, the Company's Supervisory Board decided to adopt the MiddleNext Corporate Governance Code, published in December 2009 (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). On September 25, 2007, the Supervisory Board also established its own internal charter, which was updated on April 21, 2015 following the Company's adoption of the Corporate Governance Code for Small and Midcaps published by Middlenext in December 2009. This update was conducted after the admission of the Company's securities to trading on the Euronext regulated stock exchange. The Supervisory Board also updated its internal charter at its meeting dated April 21, 2016, mainly in order to set blackout periods during which Supervisory Board members must abstain from carrying out transactions involving the Company's securities, in accordance with the AMF's recommendations.

Article 8 of the Supervisory Board's internal charter was modified as follows:

"Article 8 - Insider Information - Share-based Transactions"

Since the Company is listed on the stock exchange, all Supervisory Board members undertake to comply with the rules on insider trading described in the French Monetary and Financial Code, particularly the provisions of articles L.465-1 et seq., and set forth by the Autorité des Marchés Financiers ("AMF"), particularly the provisions of articles 621-1 to 622-2 of the AMF's General Regulations.

Pursuant to the terms of Article 621-1 of the AMF's General Regulations, the Company defines the following information as insider information:

Any specific information:

That is not yet public at the time it is used, and that directly or indirectly concerns the Company or the Group to which it belongs, the Company's shares, or any other financial instrument of the Company,

That, if released to the public, could potentially have a significant impact on the price of the Company's share or financial instruments.

A piece of information is considered public insofar as it has been disseminated via a press release and published on the Company's website (www.genfit.fr), or published in a document filed with the AMF.

The Company will set the blackout periods during which Supervisory Board members must abstain from acquiring, selling, or carrying out transactions involving the Company's securities, whether directly or indirectly, on their own behalf or on behalf of third parties. Furthermore, they must abstain from exercising any stock options, BSAARs (redeemable equity warrants) and/or BSAs (equity warrants), or carrying out transactions involving securities for which the underlying security is a Company security.

These blackout periods are defined as follows:

- the 15-day calendar period preceding the publication of its quarterly revenues, ending the day after said information is released to the public,*
- the 30-day calendar period preceding the publication of its interim and annual financial results, ending the day after said information is released to the public,*
- as the case may be, the Company might, however, set other blackout periods due to developments within the Company that could potentially constitute insider information. In this case, the Chairman of the Executive Board will notify the Supervisory Board members in question that they should abstain from carrying out transactions involving the Company's securities and that they should not disclose the existence of said blackout period to anyone. If the relationship between a Supervisory Board member and the Company terminates during a blackout period, said blackout period will continue to apply until the Chairman of the Executive Board waives the restriction.*

The financial disclosure schedule that provides dates for the publication of annual, interim, and quarterly results is sent to the Supervisory Board's members so they can acknowledge said periods. This schedule is also publicly available on the Company's website and Intranet.

During the above-defined blackout periods, Supervisory Board members are strictly prohibited from carrying out any transactions involving the Company's securities, regardless of whether he/she was exposed to any insider information.

In accordance with the terms of Article L. 225-109 of the French Commercial Code, Supervisory Board members, as well as persons related to them (particularly their spouses, partners, dependents, and any other family members living with them in their home), must keep all of the Company shares and other Company securities they hold in registered form.

It is also strictly prohibited for Supervisory Board members to carry out any of the following, whether directly or indirectly:

Any short term purchase/sale of Company securities (in other words, successive purchases and sales over a period shorter than 15 trading days), with the exception of the sale of shares following the exercise of BSAs/BSAARs or stock options of the Company, and any short sale of the Company's securities.

Pursuant to the terms of Article L. 621-18-2 of the French Monetary and Financial Code, articles 223-22 to 223-26 of the AMF's General Regulations and its Instruction n°2006-05, as amended, relative to transactions involving the Company's securities carried out by senior executives and persons described in Article L. 621-18-2 of the French Monetary and Financial Code, said senior executives, persons exercising functions similar to those of senior executives, as well as persons closely linked to said senior executives (excluding portfolio managers acting on behalf of third parties, legal entities acting as corporate officers within the group to which the Company belongs, legal entities acting as corporate officers on behalf of third parties) are required to submit a statement disclosing any purchase, sale, subscription, or exchange of securities, provided the aggregate amount of the transactions carried out over the course a single calendar year is higher than EUR 5,000.

These persons' names are featured on a regularly updated list sent to the AMF and to the persons concerned. They abstain from carrying out any transaction insofar as they are exposed to insider information.

Each of these persons is required to send his/her statement, together with a transaction notice, to the AMF no later than five trading days following the completion of the transaction, based on the template specified in the aforementioned AMF Instruction #2006-05, and to send a copy of said statement to the Company.

The AMF publishes these statements on its website. Said statements are also published in the management report presented to the Company's Annual Shareholders' Meeting."

In previous years, the Supervisory Board had initiated a process aimed at progressive compliance with the recommendations of the Afep-Medef Corporate Governance Code. This process was launched in 2006, at the time of the Company's initial public offering on the Alternext stock exchange. At the time, the MiddleNext Code did not yet exist. As of the date hereof, the Supervisory Board believes that the MiddleNext Code's recommendations, which are intended for midcaps on the regulated stock exchange, are better adapted to organization, size, means, and structure of the Company's shareholding and, as a result, decided to comply with said Code.

The MiddleNext Code contains key items to consider, reminding the Supervisory Board of the areas on which it should focus its attention to ensure successful governance. The Company's Supervisory Board discovered these key items to consider at its meeting dated March 11, 2014.

The Company believes it is in compliance with most of the MiddleNext Code's recommendations. Chapter 1.2 of the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control for the 2015 fiscal year, included in APPENDIX 1 of this Registration Document, describes the recommendations with which the Company does not comply. See also Table 11 at Section 15.1.7 "Table n°11: additional information on

terms for compensation and other advantages granted to executive officers (members of the Executive Board)").

16.5 CHAIRMAN'S REPORT ON INTERNAL CONTROL

As of the date of this Registration Document, the Company's internal control mechanism takes various measures to ensure, as successfully as possible and to the extent possible, rigorous financial management and risk control. This mechanism, defined and implemented by the Company's Executive Board, management, and employees, aims to provide reasonable assurance that the following objectives will be met:

- reliability of the accounting and financial information,
- transaction optimization and security in compliance with applicable laws and regulations,
- employee safety and asset security;
- deployment of the Executive Board's strategy and directives.

Their methods of operation are described in further detail in Chapter 2 of the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control for the 2015 fiscal year, which can be found in APPENDIX 1 of this Registration Document.

16.6 STATUTORY AUDITORS' REPORT ON THE CHAIRMAN'S INTERNAL CONTROL REPORT

To the Shareholders,

In our capacity as Statutory Auditors of Genfit, and in accordance with the terms of Article L.225-235 of the French Commercial Code (Code de commerce), we hereby present our report on the report prepared by the Chairman of your company in accordance with the provisions of Article L.225-68 of the French Commercial Code for the fiscal year ended December 31, 2015.

It is the Chairman's responsibility to prepare and submit a report to the Supervisory Board for approval, providing the internal control and risk management procedures implemented within the company and disclosing the other information required under the terms of Article L.225-68 of the French Commercial Code relating to, in particular, the company's corporate governance mechanism.

It is our responsibility:

- to report on the information set out in the Chairman's report, concerning internal control and risk management procedures followed with respect to the preparation and processing of financial and accounting information, and*
- to certify that the report contains the other information required under the terms of Article L.225-68 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.*

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the Chairman's Report. These procedures are aimed at:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's Report is based, and of the existing documentation,*
- obtaining an understanding of the work performed to support the information provided in the Report and of the existing documentation,*
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's Report.*

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, as contained in the Chairman of the Supervisory Board's Report, prepared in accordance with the terms of Article L.225-68 of the French Commercial Code.

Other Information

We hereby certify that the Chairman of the Supervisory Board's report contains the other information required under the terms of Article L. 225-68 of the French Commercial Code.

In Paris and Paris-La Défense, on February 5, 2016

The Statutory Auditors

*Grant Thornton
French member of Grant Thornton International*

Ernst & Young et Autres

Jean-Pierre Colle

Franck Sebag

17 EMPLOYEES

17.1 HUMAN RESOURCES

17.1.1 Headcount

As of December 31, 2015, the Group had 97 employees (including employees with French open-ended employment contracts (*contrats à durée indéterminée*), French fixed term employment contracts (*contrats à durée déterminée*), and French professional training contracts (*contrat de professionnalisation*). They can be broken down as follows:

Workforce	12.31.2015 (12 months)	12.31.2014 (12 months)
Research & Development	64	55
Science-related services	10	9
Administration & Management	23	17
Total	97	81

Workforce	12.31.2015 (12 months)	12.31.2014 (12 months)
Executives	59	53
Non-executives	37	27
Other Employment Statuses	1	1
Total	97	81

Workforce	12.31.2015 (12 months)	12.31.2014 (12 months)
Men	39	36
Women	58	45
Total	97	81

	12.31.2015 (12 months)	12.31.2014 (12 months)
Average Age of male / female employees	37 years and 23 months	37 years and 11 months

The average number of employees on staff in the 2015 fiscal year was 90 as opposed to 81 in the 2014 fiscal year.

Employees of GENFIT SA work at the Company's headquarters in Loos, France and employees of Genfit Corp work in Cambridge, Massachusetts in the United States.

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

Pursuant to its September 15, 2014 decision, the Executive Board granted BSAARs to certain non-executive employees of the Company. The main characteristics of these instruments, and a breakdown of instruments subscribed vs exercised as of the date of this Registration Document, are discussed hereafter in section 17.4 "Employee Shareholding."

17.3 EQUITY, SHARE WARRANTS, FOUNDERS' SHARE WARRANTS, STOCK OPTIONS, AND FREE SHARES GRANTED TO CORPORATE OFFICERS

For a breakdown of the direct and indirect shareholding of the Company's employee corporate officers, please refer to section 15.1.5 - "Table 8: Equity instruments granted by the Company to its Corporate Officers" and 15.3 - "Summary of Equity Held by members of the Company's Executive and Supervisory Bodies" of this Registration Document.

17.4 EMPLOYEE SHAREHOLDING

Pursuant to its September 15, 2014 decision, the Executive Board granted BSAARs to certain non-executive employees of the Company. The main characteristics of these instruments, and a breakdown of instruments subscribed vs exercised as of the date of this Registration Document, are discussed hereafter:

BSAAR Gants and Subscriptions Non-executive employees	BSAAR 2014-A	BSAAR 2014-B	BSAAR 2014-C
Date of the shareholders' meeting	04/02/2014	04/02/2014	04/02/2014
Date of the Executive Board meeting	09/15/2014	09/15/2014	09/15/2014
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
Total number of BSAARs subscribed by non-executive employees	9,299	5,416	5,568
BSAARs can be exercised as from:	09/15/2015	09/15/2015	09/15/2015
Expiration date of the BSAARs	09/15/2018	05/04/2019	07/01/2019
Issue Price of a BSAAR	€ 5.61	€ 5.61	€ 5.61
Exercise Price of a BSAAR(1)	€ 23.50	€ 23.50	€ 23.50
Exercise terms and conditions	1 BSAAR / 1 share Exercisable per fraction of a number of BSAARs equal to 1/3 of the amount held by each beneficiary		

⁽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, minus a 13.60% discount.

As of the date of this Registration Document, 833 BSAAR 2014-A and 400 BSAAR 2014-C have been exercised.

In addition, certain employees indirectly hold Company shares via Biotech Avenir (please refer to the table in section 18.1 - "Breakdown 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 locked-up 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. In 2014, based on the Executive Board's proposal and pursuant to the favorable opinion delivered by the Company's Appointment and Compensation Committee and Supervisory Board (on February 20, 2014), the Executive Board implemented the "incentive plan" by decision dated April 16, 2014 as a result of the completion of a fundraising, between such date and the end of 2015, of over € 10 million in aggregate funds. The incentive includes a fixed base amount plus an extra variable profit-sharing amount (*intéressement*) defined as a percentage, ranging from 0.75% to 2%, of the amount of funds raised, and to be split 40% for the Chairman of the Executive Board and 60% for senior executives and other similarly ranked employees. Based on the Executive Board's proposal, the Appointment and Compensation Committee and the Supervisory Board decided, on February 1, 2016 and April 21, 2016, to grant a favorable opinion with respect to applying said plan to the fundraising efforts made in February 2016, as well as to any future fundraising efforts made until the end of 2017.

The aggregate amount said profit-sharing paid over the course of 2014 to employees and other staff totaled a gross amount of € 2,007 thousand. This was paid in the context of, on the one hand, this incentive plan and, on the other, an additional, more inclusive measure implemented by the Executive Board in the framework of a French Company Savings Plan (*Plan d'Epargne d'Entreprise*) offered to all employees.

18 KEY SHAREHOLDERS

18.1 DISTRIBUTION OF THE SHARE CAPITAL AND VOTING RIGHTS

To the Company's knowledge, as of February 29, 2016 the share capital and voting rights are distributed as follows:

Shareholders	Shares		Voting Rights	
	Amount	%	Number	%
Biotech Avenir ⁽¹⁾	1,770,574	6.72%	3,508,448	12.13%
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	100	0.00%	100	0.00%
Philippe Moons ⁽³⁾	85	0.00%	85	0.00%
Total for Supervisory Board Members	1,771,658	6.72%	3,509,724	12.13%
Jean-François Mouney ⁽¹⁾	8,389	0.03%	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 for Executive Board Members	10,990	0.04%	11,054	0.04%
CVI Investissements	2,129,890	8.08%	2,129,890	7.36%
Université de Lille II	766,250	2.91%	1,532,500	5.30%
Liquidity Contract (Treasury Shares)	2,100	0.01%	0	0.00%
Other Shareholders	21,673,906	82.24%	21,739,279	75.16%
TOTAL	26,354,794	100%	28,922,477	100%

(1) Jean-François Mouney holds 17.1% of Biotech Avenir, while Dean Hum holds 6.2%, Florence Séjourné holds 9.9%, and 12 GENFIT employees together hold 9.6%. The remaining 57% is held by third parties (15 individuals). Nathalie Huitorel does not own any Biotech Avenir shares.

(2) Permanent representative for Biotech Avenir, in which she holds a 9.9% equity stake.

(3) Coopted by the Supervisory Board on 07/16/2015 as a replacement for Finorpa (cooptation which was confirmed at the Annual Shareholders' Meeting on 06/21/2016).

To the Company's knowledge, 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.

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)

In 2015, no shareholder declared to the Company or to the AMF that it exceeded or fell below the shareholding threshold.

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, 2015:

Shareholders	Shares		Voting Rights	
	Amount	%	Number	%
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 for Supervisory Board Members	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 for Executive Board Members	10,990	0.05%	11,054	0.04%
Université de Lille II	766,250	3.20%	1,532,500	5.78%
Liquidity Contract (Treasury Shares)	5,000	0.02%	0	0.00%
Other Shareholders	21,405,006	89.34%	21,470,363	80.93%
TOTAL	23,958,904	100%	26,523,641	100%

(1) Jean-François Mouney holds 17.1% of Biotech Avenir, while Dean Hum holds 6.2%, Florence Séjourné holds 9.9%, and 12 GENFIT employees together hold 9.6%. The remaining 57% is held by third parties (15 individuals). Nathalie Huitorel does not own any Biotech Avenir shares.

(2) Permanent representative for Biotech Avenir, in which she holds a 9.9% equity stake.

(3) Member of the Supervisory Board since 06/20/2014 as a replacement for CM-CIC Capital Finance.

(4) Coopted by the Supervisory Board on 07/16/2015 as a replacement for Finorpa (cooptation which was confirmed at the Annual Shareholders' Meeting on 06/21/2016).

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, 2014:

Shareholders	Shares		Voting Rights	
	Amount	%	Amount	%
Biotech Avenir ⁽¹⁾	1,770,574	7.39%	3,508,448	13.19%
Florence Séjourné ⁽²⁾	64	0.00%	128	0.00%
Xavier Guille des Buttes	764	0.00%	828	0.00%
Charles Woler	64	0.00%	128	0.00%
Frédéric Desdouits	100	0.00%	100	0.00%
Finorpa ⁽³⁾	193,483	0.81%	193,483	0.81%
Total for Supervisory Board Members	1,965,049	8.20%	3,703,115	13.92%
Jean-François Mouney ⁽¹⁾	89	0.00%	153	0.00%
Nathalie Huitorel ⁽¹⁾	2,721	0.01%	2,721	0.01%
Total for Executive Board Members	2,810	0.01%	2,874	0.01%
Université de Lille II	766,250	3.20%	1,532,500	5.76%
Liquidity Contract (Treasury Shares)	2,500	0.00%	0	0.00%
Other Shareholders	21,221,062	88.58%	21,356,919	80.30%
TOTAL	23,957,671	100%	26,595,408	100%

(1) Jean-François Mouney holds 17.1% of Biotech Avenir, while Dean Hum holds 6.2%, Florence Séjourné holds 9.9%, and 12 GENFIT employees together hold 9.6%. The remaining 57% is held by third parties (15 natural persons). Nathalie Huitorel does not own any Biotech Avenir shares.

(2) Permanent representative for Biotech Avenir, in which it holds a 9.9% equity stake.

(3) Member of the Supervisory Board until 07/16/2015

In 2014, the notable changes in the GENFIT shareholding structure were the following:

As a result of a sale of shares on the market, the Institut Pasteur de Lille declared that, on June 23, 2014, its equity stake fell below the 5% threshold of the Company's share capital and that, as of said date, it held 4.96% of the Company's share capital and 4.14% of its voting rights (based on a share capital comprised, as of said date, of 21,257,671 shares representing 25,497,785 voting rights). (AMF Document n°214C1171 dated June 24, 2014)

As a result of a sale of shares on the market, Ridgeback Capital Investments Ltd declared that, on May 8, 2014, its equity stake fell below the 5% threshold of the Company's share capital and voting rights and that, as of July 23, 2014, it held 3.88% of the Company's share capital and 3.51% of its voting rights (based on a share capital comprised, as of said date, of 23,374,238 shares representing 27,614,352 voting rights). (AMF Document n°214C1515 dated July 24, 2014)

As a result of an off-market sale of shares, Biotech Avenir declared that, on July 23, 2014, its equity stake fell below the 20% threshold of the Company's voting rights and that, as of September 1, 2014, it held 10.61% of the Company's share capital and 18.27% of its voting rights (based on a share capital comprised, as of said date, of 23,374,238 shares

representing 27,142,152 voting rights). (AMF Document n°214C1809 dated September 2, 2014)

As a result of the June 2014 share capital increase, the Université de Lille 2 declared that, on June 23, 2014, its equity stake fell below the 5% threshold of the Company's share capital and that, as of September 15, 2014, it held 4.78% of the Company's share capital and 8.23% of its voting rights (based on a share capital comprised, as of said date, of 23,374,238 shares representing 27,142,152 voting rights). (AMF Document n°214C1897 dated September 15, 2014)

As a result of an off-market sale of shares, Biotech Avenir declared that, on November 4, 2014, its equity stake fell below the 15% voting rights threshold and 10% share capital threshold of ownership in the Company and that, as of said date, it held 7.43% of the Company's share capital and 13.06% of its voting rights (based on a share capital comprised, as of said date, of 23,374,238 shares representing 26,614,745 voting rights). (AMF Document n°214C2364 dated November 12, 2014)

Before the Company's listing was transferred to the Euronext stock exchange in April 2014, the Company's shareholders were only required to declare any time the equity stake or voting rights they held in the Company grew beyond 50% or 95% thresholds.

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, 2013:

Shareholders	Shares		Voting Rights	
	Amount	%	Amount	%
Biotech Avenir ⁽¹⁾	2,974,574	14.48%	5,916,448	23.16%
Florence Séjourné ⁽²⁾	64	0.00%	128	0.00%
CM-CIC Capital Finances ⁽³⁾	401,377	1.95%	733,181	2.87%
Xavier Guille des Buttes	271	0.00%	335	0.00%
Charles Woler	64	0.00%	128	0.00%
Institut Pasteur de Lille ⁽⁴⁾	1,278,322	6.22%	1,278,322	5.00%
Finorpa ⁽⁵⁾	458,060	2.23%	633,727	2.48%
Université de Lille II ⁽⁶⁾	1,116,250	5.43%	2,232,500	8.74%
Total for Supervisory Board Members	6,228,982	30.32%	10,794,769	42.26%
Jean-François Mouney ⁽¹⁾	13,589	0.07%	10,738	0.04%
Nathalie Huitorel ⁽¹⁾	2,673	0.01%	2,673	0.01%
Total for Executive Board Members	16,262	0.08%	13,411	0.05%
Sanofi-Aventis R&D	352,000	1.71%	704,000	2.76%
Liquidity Contract (Treasury Shares)	16,000	0.08%	0	0.00%
Other Shareholders	13,928,577	67.81%	14,028,934	54.93%
TOTAL	20,541,821	100%	25,541,114	100%

(1) Jean-François Mouney holds 17.1% of Biotech Avenir, while Dean Hum holds 6.2%, Florence Séjourné holds 9.9%, and 12 GENFIT employees together hold 9.6%. The remaining 57% is held by third parties (15 natural persons). Nathalie Huitorel does not own any Biotech Avenir shares.

(2) Permanent representative for Biotech Avenir, in which it holds a 9.9% equity stake.

- (3) Member of the Supervisory Board until 07/16/2015.
- (4) Member of the Supervisory Board until 06/20/2014.
- (5) Member of the Supervisory Board until 07/16/2015.
- (6) Member of the Supervisory Board until 06/20/2014.

To the Company's knowledge, no declarations were made in the 2013 fiscal year.

18.2 EXISTENCE OF DISTINCT VOTING RIGHTS FOR KEY SHAREHOLDERS

Three members of the Supervisory Board of the Company, as well as the individual representative of Biotech Avenir, have double voting rights (Biotech Avenir, Florence Séjourné, Xavier Guille des Buttes and Charles Woler).

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.

The parties to the Agreement that hold Company shares are the following:

Université de Lille Droit et Santé, Finorpa SCR, Biotech Avenir, 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.

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 Business" of this Registration Document.

19.2 RELATED PARTY TRANSACTIONS

Employment contracts granted to Executive Board members

Employment contract of Jean-François Mouney (Chief Executive Officer): signed on October 1, 1999 and amended on December 14, 2012, his employment contract provides for a fixed monthly salary of EUR 35,385 and the payment of a 13th month. The contract also provides for a company car, the value of which cannot exceed EUR 55 thousand if purchased new, as well as a 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"). Furthermore, the contract includes a non-disclosure clause as well as, 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)), a severance payment 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.

Jean-François Mouney also benefits from the Incentive Plan described in section 17.5 - "Statutory Profit-sharing (*Contrats de participation*) and Discretionary Profit-sharing (*Contrats d'intéressement*)" of this Registration Document.

Employment contract of Nathalie Huitorel (Chief Financial and Administrative Officer): signed on February 11, 2008 and amended most recently on January 5, 2015, her employment contract provides for a fixed monthly salary of EUR 9,456 and the payment of a 13th month. The contract provides for a company car, the value of which cannot exceed EUR 35 thousand if purchased new and also includes 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, 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.

Mrs. Huitorel also benefits from the Incentive Plan described in section 17.5 - "Statutory Profit-sharing (*Contrats de participation*) and Discretionary Profit-sharing (*Contrats d'intéressement*)" of this Registration Document.

Employment contract of Dean Hum (Chief Operating Officer and Chief Scientific Officer): signed on July 3, 2000 and amended most recently on January 16, 2015, his employment contract provides for a fixed monthly salary of EUR 17,692 and the payment of a 13th month. The contract includes 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 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.

Mr. Hum also benefits from the Incentive Plan described in section 17.5 - "Statutory Profit-sharing (*Contrats de participation*) and Discretionary Profit-sharing (*Contrats d'intéressement*)" of this Registration Document.

Agreement with Biotech Avenir

Please refer to Note 6.26 "Related Parties" of the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which can be found in section 20.1.1 of this Registration Document.

19.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS ESTABLISHED IN THE FISCAL YEAR ENDED DECEMBER 31, 2015

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the agreements and commitments with related parties.

Based on the information provided to us, we are required to inform you on the characteristics, key terms and conditions, and the company's interest in the agreements and commitments that were shared with us, or that we may have identified in completing our assignment. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any other agreements and commitments. It is your responsibility, in accordance with the terms of Article R. 225-58 of the French Commercial Code (Code de commerce), to assess the benefits of these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to share the information described in Article R. 225-58 of the French commercial code (Code de commerce) concerning the implementation, in the past fiscal year, of agreements and commitments previously approved by the General Shareholders' Meeting.

We performed the procedures we considered necessary for compliance with the professional guidelines issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) in connection with this assignment.

Agreements and commitments subject to approval at the General Shareholders' Meeting

We hereby inform you that we were notified of no agreement or commitment authorized in the past fiscal year that must be submitted to the General Shareholders' Meeting for approval pursuant to the provisions of Article L. 225-86 of the French Commercial Code.

Agreements and commitments already approved by the General Shareholders' Meeting

We hereby inform you that we were notified of no agreement or commitment already approved by the General Shareholders' Meeting in effect throughout the past fiscal year.

In Paris and Paris-La Défense, on February 5, 2016

The Statutory Auditors

GRANT THORNTON
French member of Grant Thornton International

ERNST & YOUNG et Autres

19.4 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS ESTABLISHED IN THE FISCAL YEAR ENDED DECEMBER 31, 2014

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the agreements and commitments with related parties.

Based on the information provided to us, we are required to inform you on the characteristics and key terms and conditions of the agreements and commitments that were shared with us, or that we may have identified in completing our assignment. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any other agreements and commitments. It is your responsibility, in accordance with the terms of Article R. 225-58 of the French Commercial Code (Code de commerce), to assess the benefits of these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to share the information described in Article R. 225-58 of the French commercial code (Code de commerce) concerning the implementation, in the past fiscal year, of agreements and commitments previously approved by the General Shareholders' Meeting.

We performed the procedures we considered necessary for compliance with the professional guidelines issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) in connection with this assignment.

Agreements and commitments subject to approval at the General Shareholders' Meeting

We hereby inform you that we were notified of no agreement or commitment authorized in the past fiscal year that must be submitted to the General Shareholders' Meeting for approval pursuant to the provisions of Article L. 225-86 of the French Commercial Code.

Agreements and commitments already approved by the General Shareholders' Meeting

We hereby inform you that we were notified of no agreement or commitment already approved by the General Shareholders' Meeting in effect throughout the past fiscal year.

In Paris and Paris-La Défense, on April 3, 2015

The Statutory Auditors

GRANT THORNTON

*French member of Grant Thornton
International*

Jean-Pierre Colle

ERNST & YOUNG et Autres

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, 2015

> III – Consolidated statements of operations

(in € thousands, except earnings per share data)	Notes	Year ended December 31,	
		2014	2015
Revenues and other income			
Revenue	6.19.	1 614	527
Other income	6.19.	5 161	3 831
Total - Revenues and other income		6 776	4 358
Operating expenses and other operating income (expenses)			
Research & development expenses	6.20.	(18 111)	(16 360)
General & administrative expenses	6.20.	(5 879)	(5 630)
Other operating income	6.20.	10	2
Other operating expenses	6.20.	(55)	(47)
Operating loss		(17 259)	(17 676)
Financial revenue	6.22.	492	642
Financial expenses	6.22.	(259)	(100)
Financial income		234	542
Income tax	6.23.	(0)	(0)
Net loss		(17 025)	(17 135)
Attributable to owners of the Company		(17 025)	(17 135)
Basic / diluted loss per share attributable to shareholders of Genfit			
Basic earnings per share (€/share)	6.24.	(0.76)	(0.71)

> IV – Consolidated statements of financial position

ASSETS (in € thousands)	Notes	Year ended December 31,	
		2014	2015
<u>Non-current assets</u>			
Goodwill	6.5.	75	0
Intangible assets	6.6.	86	563
Property, plant & equipment	6.7.	1 333	1 324
Non current trade & others receivables	6.8.	0	7
Other non-current financial assets	6.9.	1 060	612
Total - Non-current assets		2 553	2 505
<u>Current assets</u>			
Inventories	-	248	28
Current trade & others receivables	6.8.	6 702	5 998
Other current financial assets	6.9.	4 025	31
Other current assets	6.10.	833	585
Cash & cash equivalents	6.11.	72 005	60 111
Total - Current assets		83 813	66 753
Total - Assets		86 366	69 258
<u>EQUITY & LIABILITIES</u> (in € thousands)	Notes	Year ended December 31,	
		2014	2015
<u>Shareholders' equity</u>			
Share capital	6.12.	5 989	5 990
Share premiums	-	115 757	118 038
Retained earnings	-	(34 278)	(51 492)
Currency translation adjustment	-	(15)	15
Net loss	-	(17 025)	(17 135)
Total shareholders' equity - Group share		70 429	55 416
Non-controlling interests	-	0	0
Total - Shareholders' equity		70 429	55 416
<u>Non-current liabilities</u>			
Non-current loans & borrowings	6.13.	4 931	4 482
Non-current deferred income and revenue	6.15.	1	5
Non-current employee benefits	6.17.	614	743
Total - Non-current liabilities		5 546	5 229
<u>Current liabilities</u>			
Current loans & borrowings	6.13.	1 687	1 223
Current trade & other payables	6.14.	8 438	7 292
Current deferred income and revenue	6.15.	260	29
Current provisions	6.16.	6	69
Total - Current liabilities		10 391	8 613
Total - Equity & liabilities		86 366	69 258

> V – Consolidated Statement of Cash Flows

(in € thousands)	Year ended December 31,	
	2014	2015
Cash flows from operating activities		
+ Net loss	(17 025)	(17 135)
Reconciliation of net loss and of the cash used for operating activities		
Adjustments for:		
+ Amortization & depreciation	292	327
- Net gain / (loss) on disposals	(10)	3
- Net finance expenses / (revenue)	94	(27)
- Expenses related to share-based compensation	1 051	2 012
+ Provisions	53	237
- Income tax expense	0	0
+ Other non-cash items	(43)	10
Operating cash flows before change in working capital	(15 588)	(14 572)
Change in:		
Decrease (+) / increase (-) in inventories	(81)	219
Decrease (+) / increase (-) in trade receivables & other assets	(1 315)	946
Decrease (-) / increase (+) in trade payables & other liabilities	1 538	(1 462)
Change in working capital	142	(297)
Income tax paid	0	0
Net cash flows provided by (used in) operating activities	(15 445)	(14 870)
Cash flows from investment activities		
- Acquisition of property, plant & equipment	(721)	(790)
+ Proceeds from disposal of property, plant & equipment	15	2
- Acquisition of financial instruments	(4 300)	(16)
+ Proceeds from sale of financial instruments	0	4 300
- Acquisition of subsidiary, net of cash acquired	0	0
Net cash flows provided by (used in) investing activities	(5 006)	3 496
Cash flows from financing activities		
+ Proceeds from issue of share capital (net)	72 296	2
+ Proceeds from subscription / exercise of share warrants	86	267
+ Proceeds from new loans & borrowings	857	807
- Repayments of loans & borrowings	(1 606)	(1 609)
- Financial interests paid (including finance lease)	(98)	13
Net cash flows provided by (used in) financing activities	71 535	(520)
Increase / (decrease) in cash & cash equivalents	51 083	(11 894)
Cash & cash equivalents at the beginning of the period	20 922	72 005
Financial assets reclassified as short-term deposits	0	0
Cash & cash equivalents at the end of the period	72 005	60 111

> VI– Consolidated statement of changes in equity

	Share capital		Share premiums	Treasury shares	Retained earnings	Currency translation adjustment	Net profit (loss)	Total shareholders' equity	Non-controlling interests	Total shareholders' equity
	Number of shares	Share capital						Group share		
(in € thousands)										
As of January 1, 2014	20 541 821	5 135	44 315	0	(22 659)	(46)	(12 652)	14 093	0	14 093
Net loss							(17 025)	(17 025)		(17 025)
Other comprehensive income (loss)					(103)	31		(72)		(72)
Total comprehensive income (loss)	0	0	0	0	(103)	31	(17 025)	(17 097)	0	(17 097)
Allocation of prior period profit (loss)					(12 652)		12 652	0		0
Capital increase	3 415 850	854	71 442					72 296		72 296
Share-based compensation					1 051			1 051		1 051
Treasury shares				0				0		0
Other movements					86			86		86
As of December 31, 2014	23 957 671	5 989	115 757	0	(34 277)	(15)	(17 025)	70 429	0	70 429
Net loss							(17 135)	(17 135)		(17 135)
Other comprehensive income (loss)					(62)	30		(32)		(32)
Total comprehensive income (loss)	0	0	0		(62)	30	(17 135)	(17 167)	0	(17 167)
Allocation of prior period profit (loss)					(17 025)		17 025	0		0
Capital increase	1 233	0	1					2		2
Share-based compensation			2 012					2 012		2 012
Treasury shares				(127)				(127)		(127)
Other movements			267					267		267
As of December 31, 2015	23 958 904	5 990	118 038	(127)	(51 365)	15	(17 135)	55 416	0	55 416

> VII – Notes to the consolidated financial statements

6.1. GENERAL PRESENTATION

Founded in 1999 under the laws of France, GENFIT S.A. (the “Company”) is a biopharmaceutical company whose mission is to discover and develop innovative treatment solutions (candidate drugs) and diagnostic products (candidate biomarkers) to combat certain metabolic, inflammatory, autoimmune or fibrotic diseases affecting especially the liver (such as non-alcoholic steatohepatitis or NASH); diseases for which medical needs are largely unmet due to the lack of effective treatments and because of the increasing number of patients worldwide.

The consolidated financial statements of the Company include the operations of GENFIT S.A. and GENFIT CORP., our wholly-owned U.S. subsidiary (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 adopted by the European Union and issued by the International Accounting Standards Board (“IASB”) as of December 31, 2015. Comparative figures are presented for December 31, 2014.

The consolidated financial statements have been prepared on a historical cost measurement basis except for certain assets and liabilities that are measured at fair value in accordance with IFRS.

These consolidated financial statements for the years ending December 31, 2014 and 2015 were authorized for issue by our Board of Directors on February 1st, 2016.

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 major 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

The following amendments have been applied by GENFIT since January 1, 2015, but had no significant impact on the consolidated financial statements:

- The Annual Improvements to IFRSs for the 2010–2012 Cycle;
- The Annual Improvements to IFRSs for the 2011–2013 Cycle;
- Amendments to IAS 19, *Defined benefit plans: Employee contributions*.

6.2.2. Standards, interpretations and amendments issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015 and earlier application is permitted; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

New or amended Standards	Summary of the requirements	Possible impact on consolidated financial statements
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39, <i>Financial Instruments: Recognition and Measurement</i> . IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
IFRS 15 Revenue Contracts with Customers	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, <i>Revenue</i> . IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Accounting for acquisitions of interests in joint operations (amendments to IFRS 11);
- Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38);
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28);
- Annual Improvements to IFRSs for the 2012–2014 Cycle;
- Disclosure initiative (amendments to IAS 1).

6.2.3. Change in the presentation of the financial statements

In accordance with IAS 1, and with the aim of improving the quality of its financial information, the Group has chosen to change the presentation of the consolidated statement of operations.

The Group now presents a consolidated statement of operations by function and not by nature.

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 [6.3.18.2. - “Research tax credit”](#)), employee benefits (see section [6.3.16. - “Employee benefits”](#)) and share-based payments (see section [6.3.21. - “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 notion of control implies exposure, or rights, to variable returns from the involvement with the investee and the ability to affect those returns through the power over the investee.

The Group controls all the entities included in the 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.

Euros (EUR) / US dollars (USD)	Year ended December 31,	
	2014	2015
Exchange rate at period-end	0.82366	0.91853
Average exchange rate for the period	0.75394	0.9019

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 patents and software are between 3 and 10 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.

The 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

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 the 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.

GENFIT is a lessee in a number of lease contracts (see section [6.7. - “Property, plant and equipment”](#)).

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*.

Goodwill is tested for impairment as part of the cash-generating unit to which it has been allocated at least once per year. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The goodwill resulting from the acquisition of the company IT.OMICS S.A. in November 2006 has been allocated to GENFIT S.A., which is also the lowest level at which it is monitored for internal management purposes.

6.3.8. Inventories

Inventories of supplies which consist mainly of laboratory consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

The Group progressively reduced the amount its inventory of laboratory consumables in 2015. This is related to a decrease in a collaboration research programme.

6.3.9. 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.

6.3.10. Other financial assets

Investments in dynamic UCITS where the recommended investment horizon is generally more than three months are considered as available-for-sale financial assets. These investments can be liquidated within a period between 0 and 32 days, but without capital protection in case of early redemption. All these investments have capital protection at maturity.

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.

6.3.11. 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 are subject to an insignificant risk of changes in value.

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 finance costs.

6.3.12. 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.

6.3.13. 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.

In June 2010, BpiFrance granted GENFIT a loan with a participation feature. The interest rate of this loan is 4.46%. It gives rise to additional remuneration for BpiFrance depending on the revenues of GENFIT S.A. (see section [6.13.1.3. - “Development loans with participation feature”](#)).

6.3.14. 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.

6.3.15. 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.

6.3.16. Employee benefits

The Group's pension schemes and other post-employment benefits consist of defined benefit plans and defined contribution plans.

6.3.16.1. 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.

6.3.16.2. 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.

6.3.16.3. 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 obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

6.3.17. Revenues

GENFIT derives revenue from its projects with partners in the pharmaceutical industry in the context of co-research alliances as well as the occasional provision of research services.

The terms of these co-research alliances include several elements such as milestone payments, annual payments for research and royalties.

6.3.17.1. Annual payments for research

Annual payments for research correspond to fixed research funding payments contractually agreed with the industry partner. They depend on the resources allocated to the scientific programs and are generally recognized based on a Full-Time Equivalent (FTE) basis.

6.3.17.2. Milestone payments

Milestone payments represent amounts received from our co-research alliances, the receipt of which is dependent upon the achievement of certain scientific, regulatory, or commercial milestones. The Group recognizes milestone payments when:

- the triggering event contractually agreed with the industry partner is met;
- there are no further contingencies or services to be provided with respect to that event; and
- the co-contracting party has no right to refund of payment.

Examples of triggering event include: the identification of a target, the development of a screening tool, the transition to a clinical phase or the application filing for a marketing authorization (“Autorisation de Mise sur le Marché”).

6.3.18. Other income

6.3.18.1. Government grants

The Group receives various forms of government grants. This government aid is provided for and managed by French state-owned entities, and specifically “BpiFrance” (“Banque Publique d’Investissement”), formerly named “OSEO Innovation”.

Subsidies received are non-refundable. Conditional advances received are subject to nil or low interest rate 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 subject to nil or low interest rate are intended to finance research programs

In accordance with IAS 20, *Accounting for government grants and disclosure of government assistance*, the advantage resulting from nil or low interest rate 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 BpiFrance, 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

These advances, which bear interest, have been provided by MEL ("Métropole Européenne de Lille"), formerly named LMCU ("Lille Métropole Communauté Urbaine" hereafter "Lille Metropolitan Urban Community") and Nord Pas-de-Calais Region in order to support the Group. Repayment of such advances is required in all cases.

6.3.18.2. 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/middle 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 [6.8. - "Trade and other receivables"](#) and [6.19. - "Revenue and Other Income"](#)). Research tax credit for the fiscal years 2010, 2011, and 2012 is currently under audit by tax authorities.

6.3.19. Research and development costs

Research expenses are recorded in the financial statements as expenses (see section [6.20. - "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.

6.3.20. Classification of operating expenses

Research and development expenses include:

- employee-related costs;
- lab supplies and facility costs;
- fees paid to scientific advisers and contracted research and development activities conducted by third parties; and
- intellectual property fees corresponding to the filing of the Group's patents.

Contracted research and development activities conducted by third parties includes services subcontracted to research partner for regulatory reasons, for the production of active ingredients and therapeutic units, as well as pharmacokinetics studies. Costs primarily relate to clinical trials (coordination of clinical trials, hospital services, etc.) and pre-clinical trials (tolerability and interaction studies) 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 resource 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.

6.3.21. Share-based compensation

The grant date fair value of equity settled share-based compensation granted to employees is recognized as a remuneration 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. 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). Service and non-

market performance conditions attached to the transactions are not taken into account in determining fair value. 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 employees and consultants consist of share warrants, some of which may be redeemed at GENFIT's discretion.

6.3.22. 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.

GENFIT has not recognized net deferred tax assets in the statement of financial position.

6.3.23. 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 ordinary shares (share warrants, employee warrants).

6.3.24. Operating segments

The Chief Operating Decision Maker ("CODM") is the Management Board.

The Management Board views the operations and manages 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 low because almost all of its operations are denominated in euros, with the notable exception of the operations performed by GENFIT CORP.

In 2016, GENFIT S.A. may enter into contracts denominated in foreign currencies, which would increase the Group's exposure to foreign exchange risk. Any such exposure to this type of risk is subject to change depending 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; and
- the Group's insurance policies.

At present, the Company has not entered into any specific hedging arrangements. However, if its currency exposure were to change, the Company would consider implementing a procedure to manage its foreign exchange 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.

As of 31 December 2015, the Group's financial liabilities totalled € 5 705k (as of December, 31, 2014: € 6 618k) and included no variable-rate loans. The Group's exposure to interest rate risk through its financial assets is also limited, since these assets are mainly euro-denominated money market funds (SICAV), 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 development loans with participation features. 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. As of December 31, 2015, the Group has € 60 754k in cash and cash equivalents and other financial assets (as of December 31, 2014: € 77 090k).

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 bank financing, but this would undermine the Company's financial structure. New funding could also take the form of a capital increase, which would dilute the holdings of existing shareholders.

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, subsidies 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. GOODWILL

The Group's goodwill relates solely to IT.OMICS (dissolved by a transfer of all its assets and liabilities to GENFIT S.A. in 2006), which is considered a Cash Generating Unit.

In prior years, an impairment loss totaling € 290k was recognized. A further impairment loss of € 75k was recognized in 2015, reducing the carrying value of the Group's goodwill to zero.

6.6. INTANGIBLE ASSETS

Intangible assets mainly comprise office and administrative software as well as scientific software purchased by the Group.

Intangible assets	12/31/2014	Additions	Disposals	Foreign currency translation differences	In progress - reclassified	12/31/2015
(in € thousands)						
Gross - Software	1 046	419	390	0	105	1 180
Gross - Patents	29	0	8	0	0	21
Gross - In progress	0	306	0	0	(105)	201
TOTAL - Gross	1 075	725	398	0	0	1 403
Accumulated amortization & impairment - Software	960	247	388	0		818
Accumulated amortization & impairment - Patents	29	0	8	0		21
TOTAL - Accumulated amortization & impairment	989	247	396	0		840
TOTAL - Net	86	478	2	0	0	563

6.7. PROPERTY, PLANT AND EQUIPMENT

Property, plant & equipment	12/31/2014	Additions	Disposals	Foreign currency translation differences	Revaluation surplus	In progress - reclassified	12/31/2015
(in € thousands)							
Gross - Scientific equipment	4 789	219	69	0	(2)	0	4 937
Gross - Fittings	845	36	0	0	0	0	881
Gross - Vehicles	62	30	9	0	(1)	0	82
Gross - Computer equipment	781	85	226	0	0	7	647
Gross - Furniture	298	1	1	0	0	0	298
Gross - In progress	112	20	105	0	0	(7)	20
TOTAL - Gross	6 888	390	409	0	(3)	0	6 866
Amortization & impairment - Scientific equipment	4 101	187	67	0	0		4 221
Amortization & impairment - Fittings	554	31	0	0	0		585
Amortization & impairment - Vehicles	13	11	9	0	0		14
Amortization & impairment - Computer equipment	628	56	226	0	0		459
Amortization & impairment - Furniture	259	5	1	0	0		262
TOTAL - Amortization & impairment	5 556	289	303	0	0		5 542
TOTAL - Net	1 332	101	106	0	(3)	0	1 324

Assets under finance lease contracts relate to scientific equipment. Their net carrying value as of December 31, 2015 amounts to € 151k (December 31, 2014: € 232k).

Financial commitments - Operating leases

The minimum future lease payments for property rented under the Group's real estate operating lease amounted to € 920k at the end of the reporting period:

Operating lease commitments - group as lessee (in € thousands)	Year ended December 31,	
	2014	2015
Minimum payments - Within 1 year	920	920
Minimum payments - After 1 year but no more than 5 years	3 679	3 679
Minimum payments - More than 5 years	2 273	1 354
TOTAL	6 872	5 953

GENFIT has guaranteed its obligation under the lease agreement by pledging term accounts in the amount of € 454k as of December 31, 2015 (€ 920k as of December 31, 2014). The lease agreement provides for the guarantee to decrease in line with the level of GENFIT's cash balance as of December 31, 2014.

6.8. TRADE AND OTHER RECEIVABLES

Trade & other receivables - Total (in € thousands)	Year ended December 31,	
	2014	2015
Trade receivables	435	173
Research tax credit	4 973	4 845
Social security costs receivables	2	19
VAT receivables	798	842
Grants receivables	395	11
Other receivables	99	115
TOTAL	6 702	6 005

Trade & other receivables - Current (in € thousands)	Year ended December 31,	
	2014	2015
Trade receivables	435	173
Research tax credit	4 973	4 845
Social security costs receivables	2	19
VAT receivables	798	842
Grants receivables	395	5
Other receivables	99	114
TOTAL	6 702	5 998

Trade & other receivables - Non-current (in € thousands)	Year ended December 31,	
	2014	2015
Trade receivables	0	0
Research tax credit	0	0
Social security costs receivables	0	0
VAT receivables	0	0
Grants receivables	0	6
Other receivables	0	1
TOTAL	0	7

As of December 31, 2015, trade receivables neither past due nor impaired amounted to € 131k compared to € 426k as of December 31, 2014.

As of December 31, 2015, past due trade receivables amounted to € 42k compared to € 8k as of December 31, 2014 (less than 30 days past due).

Research tax credit

The research tax credit receivable as of December 31, 2014 relates solely to the tax credit receivable for 2014.

As described in section 6.25. – [“Litigation and contingent liabilities”](#), the research tax credit receivable as of December 31, 2015 relates to the tax credit receivable for 2015 and to the unpaid portion of the 2014 research tax credit due to an ongoing tax audit.

6.9. OTHER FINANCIAL ASSETS

Financial assets - Total (in € thousands)	Year ended December 31,	
	2014	2015
Financial investments	4 300	0
Loans	137	159
Loan related security deposit	132	132
Deposits & guarantees	233	239
Liquidity contracts	283	113
TOTAL	5 085	643

Financial assets - Current (in € thousands)	Year ended December 31,	
	2014	2015
Financial investments	4 000	0
Loans	0	0
Loan related security deposit	17	9
Deposits & guarantees	8	22
Liquidity contracts	0	0
TOTAL	4 025	31

Financial assets - Non current (in € thousands)	Year ended December 31,	
	2014	2015
Financial investments	300	0
Loans	137	159
Loan related security deposit	115	123
Deposits & guarantees	225	217
Liquidity contracts	283	113
TOTAL	1 060	612

6.10. OTHER ASSETS

Other assets of € 585k in 2015 and € 833k in 2014 correspond to prepaid expenses related to current operating expenses.

6.11. 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 negligible risk of changes in value.

Cash & cash equivalents (in € thousands)	Year ended December 31,	
	2014	2015
Short-term deposits	71 480	59 683
Cash & bank accounts	525	428
TOTAL	72 005	60 111

Short-term deposits (in € thousands)	Year ended December 31,	
	2014	2015
UCITS	22 594	4 541
TERM ACCOUNTS	33 688	53 987
NEGOTIABLE MEDIUM TERM NOTES	11 800	1 050
INTEREST BEARING CURRENT ACCOUNT	3 398	105
TOTAL	71 480	59 683

6.12. 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.).

As of December 31, 2015, 2,569,737 shares have been held for more than two years and entitle their holders to double voting rights (1.73% of the issued share capital).

Changes in share capital in 2015

- In 2015, in accordance with the 10th resolution of the Combined Shareholder's Meeting of April 2, 2014, GENFIT S.A carried out a capital increase resulting from the exercise of 833 BSAAR 2014-A and 400 BSAAR 2014-C by some employees. The gross amount of this capital increase was € 29k, resulting in the issue of 1,233 new shares.

Changes in share capital in 2014

In 2014 the Group carried out three share capital increases:

- In 2014, in accordance with the 14th resolution of the Combined Shareholder's Meeting of June 26, GENFIT S.A. carried out a capital increase maintaining existing shareholders' preferential subscription rights ("*droits préférentiels de souscription*"). The gross amount of this capital increase was € 4,996k, resulting in the issue of 715,850 new shares;
- In June 2014, in accordance with the 4th and 5th resolutions of the Combined Shareholder's Meeting of April 2, 2014, GENFIT S.A. carried out a capital increase by private placement. The gross amount of this capital increase was € 49,739k, resulting in the issue of 2,116,567 new shares;
- In December 2014, in accordance with the 4th resolution of the Combined Shareholder's Meeting of April 2, 2014, GENFIT S.A. carried out a capital increase by private placement. The gross amount of this capital increase was € 20,974k, resulting in the issue of 583,433 new shares.

6.13. LOANS AND BORROWINGS

6.13.1. Breakdown of loans and borrowings

Loans & borrowings - Total (in € thousands)	Year ended December 31,	
	2014	2015
Refundable & conditional advances	4 440	3 998
Bank loans	844	988
Development loans with participation feature	1 265	690
Obligations under finance leases and hire purchase contracts	28	0
Accrued interests	19	5
Other financial loans and borrowings	21	24
TOTAL	6 618	5 705

Loans & borrowings - Current (in € thousands)	Year ended December 31,	
	2014	2015
Refundable & conditional advances	780	360
Bank loans	264	374
Development loans with participation feature	575	460
Obligations under finance leases and hire purchase contracts	28	0
Accrued interests	19	5
Other financial loans and borrowings	21	24
TOTAL	1 687	1 223

Loans & borrowings - Non current (in € thousands)	Year ended December 31,	
	2014	2015
Refundable & conditional advances	3 660	3 638
Bank loans	580	614
Development loans with participation feature	690	230
Obligations under finance leases and hire purchase contracts	0	0
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	4 931	4 482

All financial liabilities are denominated in euros.

6.13.1.1. Refundable and conditional advances

General overview

As of December 31, 2015, GENFIT had 12 conditional advances with BpiFrance. Advances are subject to nil or low interest rates and are intended to finance research programs described in [6.3.18.1 - "Government grants"](#).

In addition, two refundable advances of € 1,000k and € 500k were granted in 2011 by the Nord-Pas de Calais Region and Lille Metropolitan Urban Community.

Refundable & conditional advances - general overview	Grant date	Total amount allocated	Receipts	Repayments	Effects of discounting	Net book value 12/31/2015
(in € thousands)						
BPI FRANCE - OLNORME	10/20/2006	900	900	900	0	0
BPI FRANCE - OLNORME 2	06/21/2007	200	200	100	0	100
<i>Identification of novel ligands for orphan nuclear receptors from plant extracts</i>						
BPI FRANCE - IT-DIAB	12/23/2008	3 229	3 229	0	0	3 229
<i>Development of a global strategy for the prevention and management of type 2 diabetes</i>						
BPI FRANCE - ADVANCE N°1 - B-DIAB 1	06/15/2009	31	31	31	0	0
BPI FRANCE - ADVANCE N°2 - B-DIAB 2	06/15/2009	31	31	31	0	0
BPI FRANCE - ADVANCE N°3 - B-DIAB 3	06/26/2009	37	37	37	0	0
<i>Preclinical and clinical characterization of beta-glucans from yeast in type 2 diabetes</i>						
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	12/14/2009	172	172	73	10	88
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	12/14/2009	172	172	73	10	88
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	02/17/2010	150	150	64	9	77
<i>Innovation program</i>						
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	11/24/2010	250	200	38	24	138
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	11/24/2010	250	200	38	24	138
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	11/24/2010	200	160	30	19	110
<i>Research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases</i>						
NORD PAS-DE-CALAIS REGION	09/20/2012	1 000	1 000	1 000	0	(0)
<i>To support the Company</i>						
LILLE METROPOLITAN URBAN COMMUNITY	07/28/2012	500	500	472	0	28
<i>To support the Company</i>						
TOTAL		7 121	6 980	2 885	98	3 998

Receipts and repayments of refundable and conditional advances

In 2015, GENFIT received € 305k and repaid € 610k of refundable and conditional advances.
In 2014, GENFIT received € 210k and repaid € 967k of refundable and conditional advances.

Main terms of the contracts

BPI FRANCE OLNORME	This non-interest bearing advance is repayable in full (at 100% of its nominal value) in the event of technical and/or commercial success.
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.

BPI FRANCE IT-DIAB	The advance granted by BpiFrance 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. As of December 31, 2014, € 2,924k of the repayable advance and € 3,552k of the government grant had been received. The program was finalized on December 31, 2014, which resulted in the remaining portion being paid in the course of 2015. 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 advance⁷. Any further amounts will be classified as additional payments.
BPI FRANCE ADVANCE N°1 - B-DIAB 1	These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.
BPI FRANCE ADVANCE N°2 - B-DIAB 2	
BPI FRANCE ADVANCE N°3 - B-DIAB 3	
BPI FRANCE ADVANCE N°1 - AD-INOV 1	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
BPI FRANCE ADVANCE N°2 - AD-INOV 2	
BPI FRANCE ADVANCE N°3 - AD-INOV 3	
BPI FRANCE ADVANCE N°1 - OLNORME II - 1	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
BPI FRANCE ADVANCE N°2 - OLNORME II - 2	
BPI FRANCE ADVANCE N°3 - OLNORME II - 3	
NORD PAS-DE-CALAIS REGION	These interest bearing advances are repayable monthly in accordance with the repayment schedule. The interest rates of these advances are : • NORD PAS-DE-CALAIS REGION : 1.73% • LILLE METROPOLITAN URBAN COMMUNITY : 4.25%
LILLE METROPOLITAN URBAN COMMUNITY	

⁷ 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.

6.13.1.2. Bank loans

Crédit Industriel et Commercial	In August 2013, GENFIT borrowed : • a € 200k loan • repayable in 41 months, repayment of which began after a 5 month grace period • at the effective interest rate of 1.89%. As of December 31, 2015, the principal amount outstanding was € 68k (2014: € 135k).
Crédit du Nord	In September 2013, GENFIT borrowed: • a € 150k loan • repayable in three years • at the effective interest rate of 2.11%. As of December 31, 2015, the principal amount outstanding was € 34k (2014: € 84k).
Banque Neuflyze OBC	In June 2014, GENFIT borrowed: • a € 150k loan • repayable in three years • at the effective interest rate of Euribor 3 months + 2.50%. As of December 31, 2015, the principal amount outstanding was € 75k (2014: € 125k).
Banque Nationale de Paris - Paribas	In December 2014, GENFIT borrowed: • a € 500k loan • repayable in 60 months • at the effective interest rate of 2.00%. As of December 31, 2015, the principal amount outstanding was € 403k (2014: € 500k).
Crédit Industriel et Commercial	In March 2015, GENFIT borrowed: • a € 500k loan • repayable in 48 months • at the effective interest rate of 0.85%. As of December 31, 2015, the principal amount outstanding was € 408k.

Bank loans are used to finance research and laboratory equipment.

6.13.1.3. Development loans with participation feature

In June 2010, BpiFrance granted GENFIT S.A. a development loan amounting to € 2,300k over a 7 year period.

No repayment of principal was scheduled during the first two years.

Since June 15, 2012, the repayments are made quarterly.

The interest rate of this loan is 4.46%.

The loan agreement contains a participation feature, which entitles BpiFrance to additional remuneration based on the revenues of GENFIT S.A.

This additional remuneration amounts to 0.2294% of revenue and revenue is capped at € 1,672k as of December 31, 2015.

The maximum amount of remuneration that could be payable under this participation feature is € 7k as of December 31, 2015.

The loan is measured at amortized cost. GENFIT regularly reviews estimates of future cash flows which vary according to revenue estimates and adjusts the carrying amount of the liability accordingly.

6.13.2. Maturities of financial liabilities

Maturity of financial liabilities (in € thousands)	December 31, 2015	<1 year	<2 years	<3 years	<4 years	<5 years	>5 ans
BPI FRANCE - OLNORME 2	100	100	0	0	0	0	0
BPI FRANCE - IT-DIAB	3 229	0	0	0	0	3 229	0
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	88	32	38	0	0	0	0
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	88	52	46	0	0	0	0
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	77	46	40	0	0	0	0
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	138	12	38	44	0	0	0
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	138	50	63	50	0	0	0
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	110	40	50	40	0	0	0
LILLE METROPOLITAN URBAN COMMUNITY	28	28	0	0	0	0	0
TOTAL - Refundable & conditional advances	3 998	360	275	134	0	3 229	0
Bank loans	988	374	250	228	135	0	0
Development loans with participation feature	690	460	230	0	0	0	0
Accrued interests	24	24	0	0	0	0	0
Other financial loans and borrowings	5	5	0	0	0	0	0
TOTAL - Other loans & borrowings	1 707	864	480	228	135	0	0
TOTAL	5 705	1 223	755	363	135	3 229	0

6.14. TRADE AND OTHER PAYABLES

Trade & other payables - Total (in € thousands)	Year ended December 31,	
	2014	2015
Trade payables	5 900	5 275
Social security costs payables	2 052	1 832
Employee profit sharing	17	17
VAT payables	58	27
Taxes payables	300	129
Other payables	111	11
TOTAL	8 438	7 292

Trade & other payables - Current (in € thousands)	Year ended December 31,	
	2014	2015
Trade payables	5 900	5 275
Social security costs payables	2 052	1 832
Employee profit sharing	17	17
VAT payables	58	27
Taxes payables	300	129
Other payables	111	11
TOTAL	8 438	7 292

Trade & other payables - Non current (in € thousands)	Year ended December 31,	
	2014	2015
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)

6.15. DEFERRED INCOME AND REVENUE

Deferred income & revenue - Total (in € thousands)	Year ended December 31,	
	2014	2015
Deferred revenue arising from contracts with customers	251	26
Deferred income arising from equipment grants	10	7
TOTAL	261	33

Deferred income & revenue - Current (in € thousands)	Year ended December 31,	
	2014	2015
Deferred revenue arising from contracts with customers	251	26
Deferred income arising from equipment grants	9	2
TOTAL	260	29

Deferred income & revenue - Non-current (in € thousands)	Year ended December 31,	
	2014	2015
Deferred revenue arising from contracts with customers	0	0
Deferred income arising from equipment grants	1	5
TOTAL	1	5

6.16. PROVISIONS

See reference to provision linked to CIR in section 6.25. – [“Litigation and contingent liabilities”](#).

6.17. 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 years ended December 31, 2014 and 2015 amounted to € 407k and € 400k 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. As at December 31, 2015, € 743k are recognized as pension provisions compared to € 614k as at December 31, 2014.

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	67
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
Salary growth rate - 12/31/2014	2.%
Salary growth rate - 12/31/2015	4.%
Discount rate - 12/31/2014	1.49%
Discount rate - 12/31/2015	1.81%

The discount rates are based on the market yield at the end of the reporting period 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, 2014	412
Current service cost	(20)
Interest cost on benefit obligation	119
Actuarial losses / (gains) on obligation	103
Defined benefit obligation as of December 31, 2014	614
Current service cost	57
Interest cost on benefit obligation	10
Actuarial losses / (gains) on obligation	62
Defined benefit obligation as of December 31, 2015	743

6.18. 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, 2015 and 2014:

(in € thousands)	As of December 31, 2014						
	Carrying value				Fair value		
	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							
Financial investments	4 300	4 300			4 300		
Loans	137		137			137	
Loan related security deposit	132		132			132	
Deposits & guarantees	233		233			233	
Trade receivables	435		435			435	
Cash & cash equivalents	72 005	72 005			72 005		
TOTAL - Assets	77 242	76 305	937	0	76 305	937	0
Liabilities							
Conditional advances	4 440			4 440			4 440
Bank loans	844			844		844	
Participating development loan	1 265			1 265		1 265	
Obligations under finance leases and hire purchase contracts	28			28		28	
Accrued interests	19			19		19	
Other financial loans and borrowings	21			21		21	
Trade payables	5 900			5 900		5 900	
Other payables	111			111		111	
TOTAL - Liabilities	12 629	0	0	12 629	0	8 188	4 440

	As of December 31, 2015					
	Carrying value				Fair value	
	As per statement of financial position	Assets at fair value through profit & loss	Loans & receivables	Debt at amortized cost	Level 1	Level 2
(in € thousands)						Level 3
Assets						
Loans	159		159			159
Loan related security deposit	132		132			132
Deposits & guarantees	239		239			239
Trade receivables	173		173			173
Cash & cash equivalents	60 111	60 111			60 111	
TOTAL - Assets	60 814	60 111	703	0	60 111	703
Liabilities						
Conditional advances	3 998			3 998		3 998
Bank loans	988			988		988
Participating development loan	690			690		690
Accrued interests	5			5		5
Other financial loans and borrowings	24			24		24
Trade payables	5 275			5 275		5 275
Other payables	11			11		11
TOTAL - Liabilities	10 990	0	0	10 990	0	6 993

6.19. REVENUE AND OTHER INCOME

Other income (in € thousands)	Year ended December 31,	
	2014	2015
Government grants	94	12
Research tax credit	4 973	3 705
Other operating income	94	114
TOTAL	5 161	3 831

As described in section 6.25. – [“Litigation and contingent liabilities”](#), the research tax credits for the fiscal years 2010, 2011, and 2012 are subject to an ongoing tax audit.

In 2015, the Group recognized in other operating income € 106k (2014: € 94k) 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 2015, the tax credit is equal to 6% of all wages paid to employees during the year in respect of salaries that do not exceed 2.5 times the French minimum wage (2014: 6%).

In 2015, this tax credit was used to finance an increase in staff and the purchase of scientific equipment.

6.20. OPERATING EXPENSE

Operating expenses and other operating income (expenses)	December 31, 2014	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
(in € thousands)							
Research & development expenses	(18 111)	(1 332)	(9 020)	(5 347)	(2 168)	(245)	0
General & administrative expenses	(5 879)	(73)	0	(4 018)	(1 815)	26	0
Other operating income	10	0	0	0	0	0	10
Other operating expenses	(55)	0	0	0	(55)	0	0
TOTAL	(24 034)	(1 404)	(9 020)	(9 365)	(4 037)	(219)	10

Operating expenses and other operating income (expenses)	December 31, 2015	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
(in € thousands)							
Research & development expenses	(16 360)	(1 863)	(5 389)	(6 289)	(2 356)	(459)	(3)
General & administrative expenses	(5 630)	(68)	(0)	(2 840)	(2 675)	(46)	0
Other operating income	2	0	0	0	1	0	1
Other operating expenses	(47)	0	0	0	(43)	(2)	(2)
TOTAL	(22 034)	(1 930)	(5 390)	(9 130)	(5 074)	(508)	(3)

6.20.1. Research and development expenses

Research and development expenses include the costs of personnel dedicated to research, share-based payments for this personnel and scientific consultants, raw material and consumables used and operational outsourcing (notably clinical and pharmaceutical), and costs linked to intellectual property.

6.20.2. General and administrative expenses

In 2014, general and administrative expenses included the costs of personnel not dedicated to research, share-based payments for this personnel, administrative and commercial costs, the cost to transfer GENFIT's listing on the Alternext market to the regulated market of Euronext Paris, which occurred in April 2014.

In 2015, general and administrative expenses included the costs of personnel not dedicated to research, share-based payments for this personnel, and administrative and commercial costs.

6.20.3. Employee expenses

Employee expenses (in € thousands)	Year ended December 31,	
	2014	2015
Wages and salaries	(5 775)	(4 906)
Social security costs	(2 562)	(2 154)
Pension costs	20	(57)
Individual training entitlement	3	0
Share-based compensation	(1 051)	(2 012)
TOTAL	(9 365)	(9 130)

Number of employees at year-end

Number of employees at year-end	Year ended December 31,	
	2014	2015
Research & development	64	73
Administration & management	17	23
TOTAL	81	96

Average number of employees

The average number of employees in 2015 was 90 compared with 81 in 2014.

6.21. SHARE-BASED COMPENSATION

Share-based compensation is granted by GENFIT to employees, executive officers and consultants who are not considered employees.

Share-based compensation granted to employees in 2014 and 2015 correspond to share warrants ("Bons de Souscriptions d'Actions" or "BSA") or redeemable share warrants "Bons de Souscriptions et/ou d'Acquisition d'Actions" or "BSAAR").

Share-based compensation granted to consultants in 2014 and 2015 correspond to share warrants ("Bons de Souscriptions d'Actions" or "BSA").

Under these programs, holders of vested options are entitled to subscribe to shares of GENFIT at a pre-determined exercise price. All of the plans are equity settled.

The following table presents the share-based compensation for each program:

Share-based compensation - Annual expense	Year ended December 31,		Total expense calculated
	2014	2015	
BSA 2014-A	608	337	945
Of which : expense related to executive officers (1)	304	61	365
Of which : expense related to consultants	304	276	581
BSA 2014-B	442	603	1 045
Of which : expense related to executive officers (1)	221	144	365
Of which : expense related to consultants	221	459	680
BSA 2015-A	0	335	335
Of which : expense related to executive officers (1)	0	178	178
Of which : expense related to consultants	0	157	157
BSA 2015-B	0	315	315
Of which : expense related to executive officers (1)	0	178	178
Of which : expense related to consultants	0	138	138
BSAAR 2014-A	0	43	43
Of which : expense related to members of the Management Board	0	17	17
Of which : expense related to employees	0	26	26
BSAAR 2014-B	0	191	191
Of which : expense related to members of the Management Board	0	106	106
Of which : expense related to employees	0	85	85
BSAAR 2014-C	0	189	189
Of which : expense related to members of the Management Board	0	105	105
Of which : expense related to employees	0	84	84
TOTAL	1 051	2 012	3 063

(1) : Independant members of the Supervisory Board

The key terms and conditions related to each program are detailed in the following tables:

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	
	Executive officers (1)	Consultants	Executive officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014			
Date of the Executive board meeting	07/24/2014			
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 09/15/2014		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 ans			
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
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
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	
	Executive officers (1)	Consultants	Executive officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014			
Date of the Executive board meeting	01/09/2015			
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 ans			
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
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
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 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					
Nombre total de BSAAR - subscribed	5 901	9 299	17 822	5 416	18 711	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 total number of warrants held by each beneficiary					
Valuation method used	Black & Scholes					
Expected dividends	0%					
Expected volatility	74,9%					
Risk-free interest rate	0,40%					
Expected life	4 ans					
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
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
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 Share warrants (BSA)	BSA 2015-A		BSA 2015-B	
	Executive officers (1)	Consultants	Executive officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014			
Date of the Executive board meeting	01/09/2015			
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 ans			
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
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
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.

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 managerial staff and Scientific Board of GENFIT 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.).

6.22. FINANCIAL REVENUE AND EXPENSES

Financial revenue and expenses (in € thousands)	Year ended December 31,	
	2014	2015
Financial revenue		
Interest income	422	437
Foreign exchange gain	9	35
Other financial revenues	61	170
TOTAL - Financial revenue	492	642
Financial expenses		
Interest expenses	(92)	27
Interest expenses for financial leases	(1)	(0)
Foreign exchange losses	(45)	(78)
Other financial expenses	(120)	(49)
TOTAL - Financial expenses	(259)	(100)
FINANCIAL GAIN (LOSS)	234	542

6.23. INCOME TAX

6.23.1. Losses available for offsetting against future taxable income

As of December 31, 2015, the tax loss carryforwards for GENFIT S.A., a French entity, amounted to € 114,045k (€ 95,175k as of December 31, 2014).

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.

As of December 31, 2014, the tax loss carry forwards for GENFIT CORP., a U.S. entity, amounted to 30k of US dollars.

6.23.2. Deferred tax assets and liabilities

No deferred tax asset is recognized as of December 31, 2015 (and none was recognized as of December 31, 2014) as it is not probable 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, 2015 relate to:

- Tax losses carryforwards: € 114,045k (compared to € 95,175k as of December 31, 2014);
- Deductible temporary differences related to post employment benefit: € 248k (compared to € 205k as of December 31, 2014).

6.24. EARNINGS PER SHARE

Earnings per share	Year ended December 31,	
	2014	2015
Profit for the period - attributable to owners of the Company (in € thousands)	(17 025)	(17 135)
Weighted average number of ordinary shares for the period	22 289 901	23 957 877
Profit for the period - attributable to owners of the Company per share (in €)	(0.76)	(0.71)
Weighted average number of ordinary shares used in the above calculation	22 289 901	23 957 877
Weighted average number of ordinary shares adjusted for the effect of dilution	22 289 901	24 099 093
Diluted profit for the period - attributable to owners of the Company per share (in €)	(0.76)	(0.71)

6.25. LITIGATION AND CONTINGENT LIABILITIES

Dispute over research tax credit calculation

On October 17, 2014, GENFIT received a tax audit notice from the Public Finances General Directorate (DGFIP) in respect of fiscal years 2011, 2012 and 2013, as well as the research tax credit for 2010.

On December 18, 2014, GENFIT received a notification of tax adjustment of € 1,141k pertaining to the 2010 research tax credit.

In February 2015, GENFIT challenged the tax adjustment, and is awaiting a determination by DGFIP.

On December 18, 2015, GENFIT received a notification of tax adjustment pertaining to the 2011 and 2012 research tax credit, as well as a penalty related to a defect of reverse charge of VAT. The tax authorities proposed the recall of research tax credit amounting to € 876k for fiscal year 2011 and € 458k for fiscal year 2012. The penalty related to the defect of reverse charge in 2012 and 2013 amounted to € 5k.

GENFIT plans to contest this proposed tax adjustment within the given delay of February 2016. The tax authorities' adjustments mainly pertain to joint research agreements with pharmaceutical companies. The tax authorities contend that, in these agreements, the Company is acting a sub-contractor, which would result in reducing the basis on which the research tax credit is computed to the amounts billed by the Company to the other party. The Company maintain that these joint research agreements include reciprocal provisions relating to intellectual property, the shared governance of the research programs, risk-sharing, termination of the agreements and financial compensation, which demonstrate that they are not sub-contracting agreements.

Since discussions with the tax authorities as to the rules for calculation of the research tax credit began on February 16th, 2015, GENFIT has used the same calculation method for the 2014 research tax credit as in previous fiscal years, and has expressly mentioned this in the declaration 2069-A-SD.

This will also be the case for the 2015 research tax credit, given the abrogation of the research organism status on January 16, 2015.

In September 2015, the tax authorities have agreed to the Company's request for the immediate payment of research tax credit for 2014, less, as a provisional measure, the proposed tax adjustment. The payment received by GENFIT amounts to € 3,833k.

GENFIT, although confident in its position, has provisionally calculated the amount of the potential tax liability pertaining to the 2010 to 2015 research tax credit 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 € 2018k. The mention of this potential tax liability does not constitute in any form an acknowledgement of tax authorities' arguments in this matter. The Company has however recognized a provision in relation to this litigation amounting to € 62k for contracts, not including joint research agreements, that could be considered as sub-contracting for third parties that are themselves eligible for the research tax credit.

6.26. RELATED PARTIES

Biotech Avenir SAS is a related party within the meaning of IAS 24.9.

As of December 31, 2015, Biotech Avenir SAS held 12.6 % of GENFIT's share capital compared to 20.2% as of December 31, 2014.

Biotech Avenir SAS is a holding company incorporated in 2001 by GENFIT's founding managers. Most of its share capital is currently held by individuals, i.e. the four founders and approximately fifteen of the Company's managerial staff.

Jean-François Mouney, the Chairman of GENFIT's Executive Board, is also the Chairman of Biotech Avenir.

An agreement was signed on January 2, 2014 between Biotech Avenir SAS and GENFIT, providing a commitment for Biotech Avenir SAS to subscribe on February 4, 2014, to the capital increase of € 5,000k at a level of 75%, if subscription applications had proved insufficient. As the capital increase was oversubscribed, this agreement did not apply.

In addition to the cash provided by GENFIT S.A. to the liquidity contract set up with the company CM-CIC Securities, Biotech Avenir provided GENFIT shares. This contract is in place as of December 31, 2015.

The registered office of Biotech Avenir SAS is situated at the same address as GENFIT S.A., this domiciliation being granted without charge.

Group companies did not carry out any transactions with the related party in 2014 or 2015.

6.27. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

Under the terms of his employment contract, Jean-François Mouney is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or wilful misconduct) or resignation, as well as contractual severance pay of six months' salary in the event of dismissal (other than in the case of gross negligence or wilful misconduct), calculated on the basis of the last 12 months and increased by additional compensation of one month's salary per year of service at GENFIT. The total commitment (gross amount + employer's contributions) as of December 31, 2015 would amount to € 1 197k.

The following table provides details of the compensation paid to the members of the Management Board and the financial years in which the relevant amounts were recognized in the statement of operations.

Compensation paid to key management personnel (employers' contributions included) (in € thousands)	Year ended December 31,	
	2014	2015
Short-term employee benefits	2 126	1 651
Post-employment pension & medical benefits	205	306
Attendance fees	0	0
Share-based payment transactions	0	0
Director fees Genfit Corp (net)	22	41
TOTAL	2 353	1 998

The number of members of the Executive Board increased from two members as of January 01, 2014 to three members as of May 13, 2014. The above described compensation paid to the members of the Executive Board includes only the wages and social charges for the period during which each member of the Board was in office.

The amount of post-employment benefits consists of provision for pension liabilities. Fluctuations relate to rates described in section 6.27 « Employee Benefits »).

GENFIT PHARMACEUTICALS SAS' executives do not receive any compensation since the company does not currently have any business activities.

6.28. COMMITMENTS

Pledges and guarantees

Pledges & guarantees (In euros)	Amount
Pledges & guarantees - granted by the Company	463 108
Pledges & guarantees - granted to the Company	24 013

Obligations in respect to the co-ownership of intellectual property rights

GENFIT fully owns all the patents and patent applications concerning the candidate drugs and biomarkers being developed by the Company.

In the case of co-research alliances, GENFIT's partners own all intellectual property rights to the drug candidates identified during such collaborations. This does not apply to GFT505, for which all patent rights are held by GENFIT.

The co-research alliance agreements also stipulate that the drug candidates developed within such collaborations are the property of the industrial partner, while the necessary technologies developed are the property of GENFIT, who grants a free usage licence to the partner.

If the partner decides to terminate the development of drug candidates issued from the collaboration, and if GENFIT chooses to continue the development alone, any resulting milestones and royalties would be paid by GENFIT (which is not currently the case.)

To date, two drug candidates issued from these collaborations, that therefore have this intellectual property status, continue to be developed. The first is developed by Laboratoires Servier and the second by Sanofi. The development of compounds issued from the other industrial collaborations was terminated.

In the case of academic collaborations, when they relate to a drug candidate or a biomarker candidate issued from GENFIT's proprietary product portfolio, the agreements stipulate that the research results are systematically the property of GENFIT. This is the case notably for the work carried out within the research consortia ITDIAB and OLNORME, in which GENFIT is associated with academic laboratories and other biotechnology companies.

6.29. EVENTS AFTER THE REPORTING PERIOD

None.

20.1.2 Consolidated financial statements for the fiscal year ended December 31, 2014

The consolidated financial statements for the fiscal year ended December 31, 2014 are incorporated by reference to the Annual Financial Report for the year ended December 31, 2014, published on April 3, 2015.

20.1.3 Other information verified by the statutory auditors.

None.

20.2 PROFORMA INFORMATION

Not applicable.

20.3 AUDIT OF THE HISTORICAL FINANCIAL INFORMATION

20.3.1 Statutory Auditors' Report on the Consolidated Financial Statements for the fiscal year ended December 31, 2015, prepared in accordance with IFRS, as such standards were adopted in the European Union

To the Shareholders,

In compliance with the assignment entrusted to us at your General Shareholders' Meetings, we hereby report to you on the following, for the fiscal year ended December 31, 2015, on:

- the audit of the consolidated financial statements of Genfit, as attached to this Registration Document,*
- the justification of our assessments,*
- the specific verification required by law.*

The Executive Board approved the consolidated financial statements. Our role is to formulate an opinion on these financial statements based on our audit.

I. Opinion on the Consolidated Financial Statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other selection methods, to support the amounts and information claimed in the consolidated financial statements. An audit also involves assessing the appropriateness of accounting policies applied and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have compiled is sufficient and relevant enough to provide a basis for our audit opinion.

In our opinion, based on the International Financial Reporting Standards adopted by the European Union, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, as well as the income of the group comprised of the persons and entities in its scope of consolidation.

II. Justification of Assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we hereby call your attention to the following:

As indicated in Note 6.3.1 of the Notes to the Consolidated Financial Statements, Genfit's management team is required to make projections and assumptions that affect the amounts published in its financial statements.

In the context of our audit of the Consolidated Financial Statements, we considered that the main elements subject to significant accounting projections and for which a justification of our assessments would be required are the research tax credit, disputes and potential liabilities in connection with the ongoing dispute with the tax administration, as well as share-based payments.

Regarding the research tax credit and the disputes and potential liabilities incurred in connection with the ongoing dispute with the tax administration, we have assessed the basis on which these

projections were made and verified that Notes 6.3.18.2 and 6.25 of the Notes to the Consolidated Financial Statements provided adequate information.

For share-based payments, we assessed the principles and methods for determining the fair values, and checked that Note 6.3.21 of the Notes to the Consolidated Financial Statements provided adequate information.

These assessments were made as part of our audit of the Consolidated Financial Statements taken as a whole and, therefore, contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verification

In accordance with common professional standards applicable in France, we also conducted a specific verification, as required by law, of the information concerning the Group, presented in the management report.

We have no comments on its fair presentation or its consistency with the Consolidated Financial Statements.

In Paris and Paris-La Défense, on February 5, 2016

The Statutory Auditors

GRANT THORNTON
French member of Grant Thornton International

ERNST & YOUNG et Autres

Jean-Pierre Colle

Franck Sebag

20.4 DATE OF MOST RECENT FINANCIAL INFORMATION

December 31, 2015.

20.5 DIVIDEND DISTRIBUTION POLICY

20.5.1 Dividends paid over the course of the past three fiscal years

Not applicable.

20.5.2 Dividend Distribution Policy

There is no short term plan to implement a dividend distribution policy based on the Company's current state of development.

20.6 LEGAL AND ARBITRATION PROCEEDINGS

Dispute with Mr. Jean-Charles Fruchart and his wife

In April 2008, Jean-Charles Fruchart relinquished his position of 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.

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

As of the date of this Registration Document, and following a tax audit of the fiscal years ended December 31, 2011, 2012, and 2013, as well as the audit of the Research Tax Credit (*Crédit d'Impôt Recherche*) authorities have notified the Company regarding two proposed tax adjustments pertaining to the 2010, 2011, and 2012 CIRs fiscal years, which could lead to a total potential tax adjustment of EUR 2,475 thousand. The Company is currently disputing these adjustments.

The tax authorities' adjustments mainly pertain to collaborative research alliances with companies in the pharmaceutical industry. The tax authorities contend that, in these agreements, 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.

In February 2015, the Company formally contested the proposed tax adjustment pertaining to the 2010 CIR (€ 1,141 thousand). A similar type of detailed response regarding the tax adjustment pertaining to the 2011 and 2012 CIRs was sent by the Company to the tax authorities in February 2016.

At the end of May 2016, the tax authorities responded to these two claims letters, maintaining that the majority of the adjustments claimed in the proposed tax adjustments ; the Company has already begun to seek remedies against this position.

During the 2015 fiscal year, the tax authorities have agreed to the Company's request for the immediate payment of its 2014 CIR, minus, as a provisional measure, the proposed tax adjustment relative to the 2010 CIR.

Under these circumstances, the Company, although confident in its position, has provisionally calculated the amount of the potential tax liability pertaining to the 2010 to 2015 CIR 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 € 2,018 thousand, out of the aggregate € 20,695.4 thousand in CIRs reported in the 2010 to 2015 financial statements. (please also refer to Note 6.25 of the Consolidated Financial Statements for the fiscal year ended December 31, 2015).

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, 2015 does not, under any circumstances whatsoever, constitute an acknowledgement of the tax authorities' arguments in this matter.

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). Biotech Avenir and the Chairman of Genfit's Executive Board vigorously contest the claims that were notified to them.

However, no sanction proceedings were opened with respect to the Company.

Except for the proceedings described above, there are no other government, court or arbitration proceedings of which the Company is aware, that are pending or threatened, and that could potentially have or have already had, over the past twelve months, a significant impact on the financial situation, business or profit of the Company and the Group.

20.7 SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION

On February 29, 2016, the Company raised a total amount of € 49.6 million in the context of a private placement completed mainly with institutional investors based in the United States. The Company sold 2,395,890 new shares at an issuance price of EUR 20.70 per share.

On April 26, 2016, the Company published its FIRST QUARTER 2016 revenue, as well as its cash, cash equivalents, and current financial instruments as of March 31, 2016. Please refer to section 20.8 - "First Quarter 2016 Financials" of this Registration Document.

20.8 FIRST QUARTER 2016 FINANCIALS

On April 26, 2016, the Company announced that, as of March 31, 2016, the Company's cash, cash equivalents, and current financial instruments totaled € 102.8 million against € 69.5 million a year before. This amount includes the funds received in connection with the private placement completed in February 2016 with specialized institutional investors, mainly based mainly in the United States.

The revenue generated in the first three months of 2016 totals € 88 thousand, against € 150 thousand for the same period in 2015.

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 € 6,588,698.50, corresponding to 26,354,794 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 first renewed for another period of 18 months by the Combined Shareholders' Meeting dated April 2, 2014, pursuant to the terms of its first resolution, renewed a second time for another period of 18 months by the Combined Shareholders' Meeting dated February 24, 2015, pursuant to the terms of its first resolution and renewed a third time, for an additional 18 month period by the Combined Shareholders' Meeting dated June 21, 2016.

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 Executive Board, 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 21, 2016 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 Securities 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, 2015, the Executive Board implemented the program authorized by the General Shareholders' Meeting dated April 2, 2014, and then, starting on February 25, 2015, the program authorized by the General Shareholders' Meeting dated February 24, 2015, which was identical to the previous one except that the maximum purchase price set earlier at € 50 per share was increased to € 125 per share by the General Shareholders' Meeting dated February 25, 2015. This explains why the program was temporarily interrupted at the beginning of February 2015, as it was used exclusively in the context of a liquidity agreement (see hereafter) and during this period, the share price was higher than the maximum € 50 purchase price per share set pursuant to the authorization granted by the General Shareholders' Meeting dated April 2, 2014.

Since August 1, 2013, the sum the Company allocated to the liquidity account is € 250,000. 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 Registered in the Name of the Company	Fraction of the Share Capital
Repurchase Program	0	0	0	0	0	0
Liquidity Agreement						
January 2015	82,845	84,345	44.362	44.564	1,000	0.00%
February 2015	17,055	17,055	62.407	58.526	1,000	0.00%
March 2015	63,107	59,107	53.642	54.902	5,000	0.02%
April 2015	68,500	71,500	38.068	37.215	2,000	0.01%
May 2015	57,070	54,070	38.466	38.735	5,000	0.02%
June 2015	62,083	66,083	35.563	35.508	1,000	0.00%
July 2015	59,798	51,798	36.073	36.135	9,000	0.04%
August 2015	32,604	40,568	34.066	33.930	1,036	0.00%
September 2015	69,172	59,208	37.129	37.103	11,000	0.05%
October 2015	53,122	64,122	37.401	37.233	0	0.00%
November 2015	91,137	91,137	41.266	41.079	0	0.00%
December 2015	41,193	36,193	34.225	33.086	5,000	0.02%
Total 2015	697,686	695,186	40.32	40.10		
<i>The annual average share prices are weighted averages calculated over the financial year</i>						
Liquidity Agreement						
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%

As of May 31, 2016, the Company holds 5,116 of its own shares.

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:

- those granted to the Company's corporate officers and detailed in section 15.1.5 - "Table n° 8: History of equity instruments granted by the Company to its corporate officers",
- those granted to certain Company employees and listed in section 17.4 - "Employee Shareholding",
- the 2014 BSAs granted by the Executive Board on July 24, 2014 and the 2015 BSAs granted by the Executive Board on January 9, 2015 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 2014-A	BSA 2014-B	BSA 2015-A	BSA 2015-B
Date of the shareholders' meeting	04/02/2014	04/02/2014	04/02/2014	04/02/2014
Date of the Executive Board meeting	07/24/2014	07/24/2014	01/09/2015	01/09/2015
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
Total number of BSAs subscribed by consultants	23,380	23,380	5,845	5,845
BSAs cancelled or null and void	0	0	0	0
BSAs outstanding as of the date of this Registration Document	23,380	23,380	5,845	5,845
BSAs are eligible to be exercised as from:	11/01/2014	03/01/2015	06/01/2015	12/01/2015
Expiration date of the BSAs	09/30/2018	02/28/2019	05/31/2019	11/30/2019
Issue Price of a BSA	€ 0.01	€ 0.01	€ 0.01	€ 0.01
Exercise Price of a BSA	€ 23.50 ⁽¹⁾	€ 23.50 ⁽¹⁾	€ 35.95 ⁽²⁾	€ 35.95 ⁽²⁾
Exercise terms and conditions	1 BSA / 1 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.

As of the date of this Registration Document, the amount of diluted share capital is equal to 26,535,528 shares. This includes the share capital as of the date of this Registration Document (26,354,794 shares) plus the number of shares that could potentially be issued in connection with share plans granting access to the Company's share capital (180,734), as described below, representing a potential dilution of 0.69%.

Name of the Plan	Beneficiaries	Subscription Price	Expiration Date	Number of warrants granted	% share capital dilution	Aggregate %
BSA 2014 A	Independent members of the Supervisory Board	€ 0.01	09/30/2018	23,385	0.09%	0.23%
BSA 2014 B		€ 0.01	02/28/2019	23,385	0.09%	
BSA 2015 A		€ 0.01	05/31/2019	7,015	0.03%	
BSA 2015 B		€ 0.01	11/30/2019	7,015	0.03%	
BSA 2014 A	Members of the Scientific Advisory Board and other scientific experts	€ 0.01	09/30/2018	23,380	0.09%	0.22%
BSA 2014 B		€ 0.01	02/28/2019	23,380	0.09%	
BSA 2015 A		€ 0.01	05/31/2019	5,845	0.02%	
BSA 2015 B		€ 0.01	11/30/2019	5,845	0.02%	
BSAAR 2014 A	Executive Corporate Officers	€ 5.61	09/15/2018	5,901	0.02%	0.16%
BSAAR 2014 B		€ 5.61	05/04/2019	17,822	0.07%	
BSAAR 2014 C		€ 5.61	07/01/2019	18,711	0.07%	
BSAAR 2014 A	Non-executive Employees	€ 5.61	09/15/2018	8,466	0.03%	0.07%
BSAAR 2014 B		€ 5.61	05/04/2019	5,416	0.02%	
BSAAR 2014 C		€ 5.61	07/01/2019	5,168	0.02%	
TOTAL				180,734	0.69%	0.69%

21.1.4 Authorized Share Capital

The currently active resolution authorizing the Company to issue securities (by delegating its authority to the Executive Board), as approved during the Extraordinary session of the Combined Shareholders' Meeting dated February 24, 2015, is summarized below:

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board	Terms and conditions of determining issue price	Aggregate maximum nominal amount (in Euros)
11 th resolution: Authorization to issue redeemable share subscription warrants (BSAARs) reserved for employees and corporate officers of the Company and its subsidiaries, without shareholders' preferential subscription rights.	18 months	€ 31,250 (125,000 shares)		The price of subscription or acquisition of shares upon exercise of the BSAAR provided that one BSAAR will give the right to subscribe to (or acquire) a share of the Company at a price 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 15% and; (ii) where	1.200.000€

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board	Terms and conditions of determining issue price	Aggregate maximum nominal amount (in Euros)
				appropriate, the conditions of performance.	

The resolutions authorizing the Company to issue securities (by delegating its authority to the Executive Board), as approved during the Extraordinary session of the Combined Shareholders' Meeting dated June 21, 2016, are summarized below

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board		Aggregate maximum nominal amount (in Euros)
13 th resolution: Authorization to allow the Company to repurchase its own shares, not to exceed 10% of its share capital.	18 months	€ 500,000 Per share: € 125	Implemented pursuant to a liquidity agreement. Please refer to section 21.1.2 of this Registration Document.		€1,250,000
15 th 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	€ 1,250,000 (5,000,000 shares)			
16 th 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	€ 1,212,500 (4,850,000 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⁾	
17 th resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, in an amount not to exceed	26 months	€ 1,212,500 (4,850,000 shares) (capped at 20% of the share capital per year)		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	

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board		Aggregate maximum nominal amount (in Euros)
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.				price is set, minus, as the case may be, a maximum discount of 5% of this amount ⁽¹⁾	
19 th 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 such a transaction.	18 months	€ 1,212,500 (4,850,000 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 different dividend entitlement date (date de jouissance) and potentially be discounted by a maximum amount of 15%	
20 th 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 15 th , 16 th , 17 th and 19 th resolutions.	26 months	15% of the initial issuance			
21 st 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	26 months	Up to 10% of the share capital			

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board		Aggregate maximum nominal amount (in Euros)
capital, without shareholders' preferential subscription rights.					
22 nd 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	€ 1,212,500 (4,850,000 shares)			
24 th resolution: Authorization to issue independent share warrants (BSA) reserved for non-executive corporate officers and consultants of the Company.	18 months	€ 18,750 (75,000 shares)		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 amount thus disbursed at the moment of subscription shall be deducted from the amount due at the time of exercise.	
25 th 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	€ 43,750 (175,000 shares)		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	

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board		Aggregate maximum nominal amount (in Euros)
				the options to purchase shares, pursuant to articles L.225-208 and L. 225-209 of the French commercial Code	
26 th resolution: Authorization granted to the Executive Board to allocate existing or new free shares	38 months	€ 12,500 (50,000 shares)			
27 th 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	
28 th 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.			

⁽¹⁾ Within the limit of 10% of the share capital per year at the time of issuance, the Executive Board is authorized to set the price of the shares issued pursuant to the 16th and 17th 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 a 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

(i) 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			Premiums		
	Number of Shares	Nominal Value	Share capital	Share premium	Merger premium	Premium
At December 31, 2005	150,001	16.00	2,400,016	0	0	0
06/27/2006 – Division of share's nominal 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 & 19/07/2011– 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
10/23/2011 – Share capital increase –offset against receivables (BSA2011)	13,630,578	0.25	3,407,645	21,406,881	37,833	21,444,734
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
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
09/05/2012 to 17/10/2012 – Conversion of bonds	15,969,232	0.25	3,992,308	25,437,239	37,833	25,475,072
08/01/2012 – Share capital increase –offset against receivables (OCA2012).....	15,148,321	0.25	3,787,080	23,690,141	37,833	23,727,974
12/21/2012 to 03/08/2013 – Share capital increase –offset against receivables (OCA2012-2)	16,029,806	0.25	4,007,452	25,415,946	37,833	25,453,779
04/17/2013 – Private placement	20,299,516	0.25	5,074,879	43,294,235	37,833	43,332,068
12/27/2012 to 04/11/2013 – Conversion of bonds (OCA20).....	17,370,068	0.25	4,342,517	30,591,512	37,833	30,629,345
04/19/2013 & 05/02/2013 – Share capital increase – offset against receivables (OCA 2012-2).....	20,317,291	0.25	5,079,323	43,287,291	37,833	43,325,124
04/24/2013 to 03/02/2013 – Conversion of bonds (OCA20).....	20,541,821	0.25	5,135,455	44,270,698	37,833	44,308,531
02/03/2014 – Share capital increase with shareholders' 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
10/29/2015 & 4/11/2014– Share capital increase- exercise of BSAAR 2014.....	23,958,904	0.25	5,989,726	115,720,750	37,833	115,758,583
02/29/2016 – Private placement	26,354,794	0.25	6,588,698.50	163,141,779	37,833	163,179,612

(ii) Changes in the Company's share capital distribution since December 31, 2012

In 2013, the Company completed the following share capital increases:

- The convertible bond taken out by the Company in December 2012, which could total up to EUR 8 million divided into 8 tranches of EUR 1 million each, ran its course as follows in the first quarter of 2013:
 - 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 additional share capital increases in the aggregate gross amount of an additional €6 million, including the issue premium. Bonds corresponding to tranches 2 to 6 were converted and resulted in 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 EUR 0.05 million, completed 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.
 - As such, 7 loan tranches of EUR 1 million each were 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 loan. The Company did not mobilize the 8th tranche of this bond loan.
- In addition, the Company completed a share capital increase via a private placement in April 2013 in the gross amount of €14.3 million, issue premium included, which led to the creation of 2,933,448 new shares.

In 2014, the Company completed three share capital increases:

- February 3, 2014: share capital increase with shareholders' preferential subscription rights, via the issue of 715,850 shares, representing a total subscription amount of EUR 4.9 million including the issue premium.
- June 27, 2014: share capital increase without shareholders' preferential subscription rights in the context of a private placement, via the issue of 2,116,567 shares, representing a total subscription amount of EUR 49.7 million including the issue premium.
- December 17, 2014: share capital increase without shareholders' preferential subscription rights in the context of a private placement, via the issue of

583,433 shares, representing a total subscription amount of EUR 21 million including the issue premium.

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 subscription amount of EUR 28,975.5 thousand, issue premium included.

In 2016, and as of the date of this Registration Document, thus far the Company has only completed one share capital increase, on February 29, 2016, 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 represents a total subscription amount of EUR 49.6 million, issue premium included.

21.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

21.2.1 Purpose (article 3 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 Executive Board and Supervisory Board

(i) Executive Board (articles 14, 15 and 16 of the Articles of Association)

Composition

I. The Executive Board is made up of no less than two and no more than five members.

II. Members of the Executive Board are appointed by the Supervisory Board by virtue of a unanimous decision less two votes of its members who are present or represented or, where permitted by law, who take part by videoconference or by any other method of telecommunication, and at least by a majority of votes of said persons.

Members of the Supervisory Board, deciding under the same conditions as regards a qualified majority, appoint one member of the Executive Board as Chairman of the Board for the term of his/her office as member of the Executive Board. The Supervisory Board may remove the Chairman of the Executive Board from office under the same conditions, on the understanding that the position and authority attached to the position of member of the Executive Board will not be affected by such decision.

All members of the Executive Board must be individuals, failing which their appointment will be invalid. Members may but need not be shareholders. They may be French or foreign.

Members of the Executive Board may be removed from office by shareholders at a general meeting, deciding in accordance with the terms and conditions as to quorum and majority required for ordinary general meetings. They may resign at any time.

Members of the Executive Board are appointed for a term of five (5) years. Any seat that becomes vacant must be filled by the Supervisory Board within two months.

The new member will be appointed for the period remaining until the next election of Executive Board members. Members of the Executive Board are eligible for re-election.

The document appointing them must stipulate how and how much each member of the Executive Board is compensated.

III. No member of the Executive Board may also be a member of the Supervisory Board or hold the position of single Chief Executive Officer or Chairman of the Board of Directors in more than one other corporation that has its principal office in metropolitan France.

The combined holding of an office as member of the Executive Board and a corporate office in another company is subject to applicable statutory and regulatory restrictions.

IV. The Executive Board meets as often as required in the interests of the Company and at least once per quarter, further to a notice issued by its Chairman or a member of the Board appointed to call a meeting, at the location specified in the notice of meeting.

In order for the Executive Board's decisions to be valid, the majority of the Board's members must be present. However, any member of the Executive Board who takes part in a Board meeting by videoconference or by any other method of telecommunication that complies with the laws and regulations applicable to corporations with an Executive Board and a Supervisory Board will be deemed present.

Any member of the Executive Board may be represented at a Board meeting by another Board member or take part in a Board meeting by videoconference or by any other method of telecommunication referred to above. Members of the Executive Board are not permitted to hold more than one office.

Decisions are taken by a majority of votes cast by those present and represented. Each member is entitled to one vote.

At each meeting, the Executive Board may appoint a secretary, who may but need not be a member of the Board.

V. Decisions taken by the Executive Board are recorded in minutes layered or bound in a special minute book. (...)

Powers of the Executive Board

I. The Executive Board is vested with the broadest powers to act in all circumstances in the name of the Company. It must exercise these powers within the limit of the Company's purpose and subject to the powers expressly granted by law to the Supervisory

Board and to shareholders at general meetings, and within the limit of the restrictions (if any) imposed by the Supervisory Board.

In dealings with third parties, the Company is bound even by the actions of the Executive Board that are outside the scope of its purpose, unless it can prove that the third party knew that a particular action was ultra vires or could not have disregarded that fact given the circumstances, on the understanding that publication of the Articles of Association alone will not constitute such proof.

The Chairman of the Executive Board or the single Chief Executive Officer (as the case may be) represents the Company in its dealings with third parties. The Supervisory Board, by virtue of a unanimous decision less two votes of its members who are present or represented or, where permitted by law, who attend the meeting by videoconference or by any other method of telecommunication, and at least by a majority of votes cast by said persons, may grant the same power of representation to one or more other members of the Executive Board, who thus have the title of "Chief Executive Officer". The title of "Chief Executive Officer" may be removed under the same conditions. The Chairman of the Executive Board and the Chief Executive Officer(s) (if any) are authorized to delegate some of their powers to any special officers of their choosing.

II. At least once every quarter, the Executive Board presents a report to the Supervisory Board.

Within three months of the end of each fiscal year, the Executive Board presents the annual financial statements to the Supervisory Board for verification and control purposes.

It must also provide the Supervisory Board with the management report that it must present to shareholders at their annual general meeting.

III. The Chairman of the Executive Board represents the Company in its dealings with third parties.

IV. With the permission of the Supervisory Board, members of the Executive Board may allocate management tasks among themselves. However, this must not under any circumstances result in the Executive Board no longer being the body that collectively manages the Company.

(ii) Supervisory Board (articles 18 to 21 of the Articles of Association)

Composition

I. The Executive Board is supervised by a Supervisory Board made up of no less than three and no more than eighteen members, subject to the exception provided for by law in the event of a merger.

Members of the Supervisory Board are appointed from among shareholders (individuals or legal entities) at the ordinary general meeting of shareholders, who may remove them from office at any time. However, in the event of a merger or demerger, members of the Supervisory Board may be appointed by shareholders at an extraordinary general meeting.

No member of the Supervisory Board is permitted to be a member of the Executive Board.

No more than one third of members of the Supervisory Board may be seventy (70) years of age. If this age limit applicable to members of the Supervisory Board is exceeded, the eldest member of the Supervisory Board will be deemed to have automatically resigned.

II. Members of the Supervisory Board are appointed for a term of five (5) years. Their office expires at the close of the general meeting at which shareholders decide on the financial statements for the previous year, held in the year in which their office expires.

Members of the Supervisory Board are eligible for re-election.

They may be removed at any time by shareholders at an ordinary general meeting.

III. Members of the Supervisory Board may be individuals or legal entities. Any legal entity member must, at the time of its appointment, name a permanent representative who will be bound by the same terms, conditions and obligations and who will incur the same liability by law as if he/she were a member of the Board in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents.

If the legal entity removes its representative, it must simultaneously replace him/her. The foregoing also applies in the event the permanent representative dies, resigns or is subject to an extended impediment.

An individual who accepts and exercises the duties of member of the Supervisory Board must agree to swear at any time that he/she complies with the limitation imposed by law as regards the combined holding of a seat as member of the Supervisory Board and a position as director of a corporation.

IV. The Supervisory Board may provisionally fill any seat on the Board that becomes vacant between two general meetings as a result of death or resignation.

Appointments made by the Supervisory Board are subject to ratification by shareholders at their next ordinary general meeting. If an appointment is not ratified, the decisions and actions taken previously by the Board will nonetheless be valid.

If the number of Board members falls to below the minimum required by law, the Executive Board must immediately convene an ordinary general meeting of shareholders to make up the required number.

Any member of the Supervisory Board appointed to replace another will remain in office only for the remaining term of his/her predecessor's office.

V. Each member of the Supervisory Board must own at least sixty-four (64) shares in the Company.

If, on the date of his/her appointment, a member of the Supervisory Board does not own the required number of shares or if, during his/her term of office, he/she ceases to own the required number, he/she will be deemed to have automatically resigned unless the situation is regularized within six months.

The Supervisory Board must appoint a Chairman and a Vice Chairman from among its individual members, who will be responsible for convening Board meetings and overseeing business transacted at such meetings.

The Chairman and the Vice Chairman perform their duties for the term of their office as members of the Supervisory Board. They are eligible for re-election.

The Board may also appoint a secretary, who may but need not be a Board member, and must set the secretary's term of office.

Business transacted at Supervisory Board meetings

I. The Supervisory Board meets as often as required in the interests of the Company and at least once per quarter to hear the report of the Executive Board, further to a notice of meeting issued by its Chairman or Vice Chairman, at the principal office or at such other location as may be specified in the notice of meeting. A member of the Executive Board or at least one third of members of the Supervisory Board may submit a substantiated request to call a Board meeting to the Chairman of the Supervisory Board by certified mail. The Chairman must call a Board meeting on a date that falls no more than 15 days after the date of receipt of the request. If a Board meeting is not called within this time limit, the persons who submitted the request may call a meeting themselves, in which case they must indicate the agenda for the meeting.

Meetings may be called by any means, including verbally.

The Supervisory Board may only validly transact business if at least half of its members are present.

Members of the Supervisory Board may take part in Board meetings and vote by videoconference or by any other method of telecommunication that complies with applicable laws and regulations. They are not however permitted to vote by videoconference in connection with decisions concerning the verification and control of financial statements.

Any member of the Supervisory Board may be represented at a Board meeting by another member of the Supervisory Board. No member of the Supervisory Board is permitted to hold more than one office.

Except in the cases provided for in Articles 15 (II) and 16 (I) of the Articles of Association concerning the appointment of members of the Executive Board and the appointment and removal of its Chairman or Chief Executive Officers, and in Article 20 (II) of the Articles of Association concerning the creation of Supervisory Board committees, as well as the determination of the composition and duties of said committees, decisions of the Supervisory Board must be taken by a majority of its members present or represented or, where permitted by law, who take part by videoconference or by any other method of telecommunication.

In the event of a tie, the Chairman has a casting vote.

A mere indication in the minutes of each meeting of the names of the members present, represented or absent will constitute proof of the number of members of the Supervisory Board in office and their appointment.

II. Decisions taken by the Supervisory Board are recorded in minutes entered in a special minute book. ...

Powers of the Supervisory Board

I. The Supervisory Board exercises permanent control over the management duties performed by the Executive Board.

II. At any time of the year, the Supervisory Board may carry out the verifications and controls it considers appropriate and obtain any documents it considers necessary to perform its duties.

At least once per quarter, it receives a report from the Executive Board.

Within three months of the end of each fiscal year, the Executive Board presents the Supervisory Board with the annual financial statements and a written management report for verification and control purposes.

The Supervisory Board informs shareholders at their annual ordinary general meeting of its observations on the Executive Board's report and on the annual financial statements.

The Supervisory Board also performs the duties expressly allocated to it by law.

The Supervisory Board may grant one or more of its members special authorization for one or more specific purposes.

The Supervisory Board may decide, by virtue of a unanimous decision less two votes of its members who are present or represented or, where permitted by law, who attend the meeting by videoconference or by any other method of telecommunication, and at least by a majority of votes cast by said persons, to set up committees responsible for considering matters submitted to them by the Board or its Chairman for review. In accordance with the same condition as to a qualified majority vote, the Board must also set the composition of these committees and determine their duties.

21.2.3 Rights, preferences and restrictions attaching to the shares of the Company

(i) Form of shares (article 9 of the Articles of Association)

Registered or bearer.

(ii) 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.

(iii) 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 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.

(iv) 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.

(v) Limitation on voting rights

No clause of the Company's Articles of Association restricts the voting right attached to shares.

(vi) Identifiable bearer shares (article 9 of the Articles 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.

(vii) Share buybacks

See Section 21.1.2 - « Company Share Repurchase Program ».

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

(i) Shareholder meetings (articles 26 to 34 of the Articles of Association)

General meetings are called and held in accordance with the terms and conditions set by law.

(ii) 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.

(iii) 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.

(iv) 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. 233-10 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 five 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 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 member of the Executive Board or the Supervisory Board.

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

As of the date of this Registration Document, the Company has not signed any other key contracts, other than those signed in the normal course of business, that imposes a significant obligation or commitment on the Group as a whole.

As such, in the normal course of its business activities, the Company has entered into collaborative research alliances with pharmaceutical laboratories.

There are currently only two active contracts in place: one with Les Laboratoires Servier and the other with Sanofi.

Collaborative research alliance with Servier

Launched on March 1, 2004, the industrial collaboration with Servier, which was extended pursuant to amendments dated January 5, 2009, October 28, 2009, and December 30, 2010, relies primarily on two research programs as part of compound series SERX1 and is dedicated to the treatment of insulin resistance and type 2 diabetes. In these programs, collaborative research focused on the characterization of two entirely innovative targets (a orphan nuclear receptor) as well as on the identification of molecules that modulate this target's activity.

Several major advances in the development of this target and these molecules were achieved during the collaboration research phase between both parties' research teams, which lasted until September 30, 2011. As a result of these advances, GENFIT received EUR 850,000 in up front and milestone payments from its partner.

To this day, the molecules resulting from this collaborative research alliance continue to be developed by Laboratoires Servier. Therefore, GENFIT remains eligible for the following additional payments, based on these molecules' state of advancement in Servier's pipeline:

- a total EUR 800,000 for pursuing its clinical development prior to the product's introduction to market, as the case may be,
- a total EUR 1,000,000 upon the filing and receipt of a Marketing Authorization for the product, as the case may be,
- and royalties on the potential sales of the product, ranging from 0.75 to 1.5% of the net pretax revenue generated by the product.

Collaborative research alliance with Sanofi

The collaborative research alliance with Sanofi was launched at the time the Company was created (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 to said Collaboration and Licensing Contract was signed in September 2014, extending the collaborative research phase between both parties' scientific teams until May 2015. In May 2015, the Company reached the end of the collaborative research phase in which both parties' teams participated. It is the Company's last remaining alliance with Sanofi.

The heart of this collaborative research alliance with Sanofi is the SAN/GFT-2 program, the goal of which is to identify and develop new molecules for correcting the mitochondrial dysfunctions that occur in some pathologies, including metabolic diseases, in a context where the cellular mechanisms that regulate energy production under normal conditions

and the way in which they can adapt to stress might offer therapeutic benefits for several pathologies, including metabolic diseases. As of the date of this Registration Document, the results obtained through this collaborative research phase are currently being reviewed by both parties.

This Contract stipulates that GENFIT will receive annual payments in connection with its research assistance, as well as milestone payments based on whether the research develops successfully through the preclinical, clinical, registration, and the ultimate sale of the drug candidates resulting from this collaboration.

Several advances were made in the development of the molecules researched in one of these two collaborative programs, earning GENFIT a total amount of EUR 1,600,000 in milestone payments from its research partner.

Irrespective of the results of the aforementioned review, when the Collaboration and Licensing Contract was extended, it was renegotiated, resulting in an increase in the milestone payments due to the Company subject to the successful completion of the various clinical phases of development of the molecules resulting from this collaboration.

Therefore, GENFIT remains eligible for the following additional payments, based on Sanofi's potential advancements regarding these molecules:

- a total EUR 8,000,000 for pursuing its clinical development prior to the product's introduction to market, as the case may be,
- a total EUR 6,000,000 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.

**23 THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND
DECLARATION OF ANY INTEREST**

None.

24 DOCUMENTS ON DISPLAY

Copies of this reference document can be obtained free of charge from the Company's principal office, at Parc Eurasanté, 885 Avenue Eugène Avinée, 59120 Loos, France. This reference document is also available on the Company's website (www.genfit.com) and on the AMF's 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 is 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 “Organization Chart” and Section 20 “Financial information” of this reference document.

**ANNEX 1: REPORT OF THE PRESIDENT OF THE SUPERVISORY BOARD ON
CORPORATE GOVERNANCE AND INTERNAL CONTROL**

REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON THE GOVERNANCE OF THE COMPANY AND INTERNAL CONTROL

FINANCIAL YEAR FROM JAN 1ST, 2015 TO DEC 31ST, 2015

(English version for information only)*

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Pursuant to Article L. 225-68 of the French Commercial Code (*Code de Commerce*), the report of the Chairman of the Supervisory Board comprises for the financial year 2015 the information concerning the composition of the Board and the application of the principle of balanced representation of women and men, the conditions governing the preparation and organization of the work of the Supervisory Board as well as the internal control and risk management procedures implemented by the Company, particularly those relating to the preparation and processing of financial and accounting information. This report also specifies that the Company voluntarily refers to a code of corporate governance, indicates the special conditions relating to shareholder participation in the general meeting and presents the principles and rules adopted by the Supervisory Board to determine any compensation and benefits granted to corporate officers. It also mentions the publication of the information provided for in Article L. 225-100-3 of the French Commercial Code.

This report was prepared by the Chairman of the Supervisory Board, on the basis of the internal control and risk management work carried out by GENFIT in 2014. This report was reviewed by the Audit Committee, which met on April 21st, 2015 in the presence of representatives of GENFIT's auditors, and was approved by the Supervisory Board, which met on April 21st, 2015, in the presence of representatives of GENFIT's auditors.

This report is presented within the framework of the Combined General Shareholders' Meeting of GENFIT to be held on June 21st, 2016.

1. CORPORATE GOVERNANCE

GENFIT SA is a limited company with an Executive Board and a Supervisory Board (*Société Anonyme à Directoire et Conseil de Surveillance*). In this regard, it is subject to the provisions of articles L.225-57 to L.225-93 of the French Commercial Code and the associated regulatory provisions.

Following the admission to trading of its securities on the Euronext regulated market on April 17th, 2014, the Supervisory Board of the Company decided to adopt the Middelnext Code of corporate governance of December 2009 (the “Middelnext Code”) as reference code for corporate governance, after examining the checkpoints of this code at its meeting of March 11th, 2014. This code is available on the Middelnext website (www.middelnext.com).

The Company considers that it complies with the majority of the recommendations of the Middelnext Code. Reference will be made to section [1.2- Application of the code of corporate governance of Middelnext listed companies](#) of this report for more details on the remaining points of divergence with the code and the reasons for these divergences.

1.1. SUPERVISORY AND MANAGEMENT BODIES

1.1.1. Executive Board

1.1.1.1. [Composition of the Executive Board](#)

The Executive Board is comprised of 3 members :

Nom	Mandat
Jean-François Mouney	Chairman of the Executive Board
Nathalie Huitorel	Member of the Executive Board
Dean Hum	Member of the Executive Board

Jean-François MOUNEY, 60 years old, French	Chairman of the Executive board	
Professional address	885, Avenue Eugène Avinée - 59120 LOOS	
Number of Genfit's shares held	8,339 shares held directly and 17.1% of Biotech Avenir	
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	<u>1st appointment</u> : Supervisory Board of September 15th, 1999 <u>Last renewal</u> : Supervisory Board of July 3, 2013 <u>End of the current office</u> : July 3, 2018	
	Company	Office
Operational functions and other corporate offices in the Group	GENFIT CORP GENFIT PHARMACEUTICALS SAS	Chairman of the Executive Board Chairman
Other corporate offices outside the Group	BIOTECH AVENIR SAS	Chairman
Other offices and positions held in the last five years and that have now expired	NATURALPHA SAS	Chairman

Nathalie Huitorel 54 years old, French	Member of the Executive Board	
Professional address	885, Avenue Eugène Avinée - 59120 LOOS	
Number of Genfit's shares held	2,591 shares held directly and 0.0 % of Biotech Avenir	
Professional Experience / Expertise	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 oversees the financial, management and human resources departments.	
Term of office	<u>1st appointment</u> : Supervisory Board of July 3, 2008 <u>Last Renewal</u> : Supervisory Board of July 3, 2013 <u>End of the current office</u> : July 3, 2018	
	Company	Office
Operational functions and other corporate offices in the Group	GENFIT SA GENFIT CORP GENFIT PHARMACEUTICALS SAS	Chief Financial and Administrative Officer Member of the Executive Board Member of the Executive Board
Other corporate offices outside the Group	None	None
Other offices and positions held in the last five years and that have now expired	None	None

Dean Hum 53 years old, Canadian	Member of the Executive Board	
Professional address	885, Avenue Eugène Avinée - 59120 LOOS	
Number of Genfit's shares held	10 shares held directly et 6.2% of Biotech Avenir	
Professional Experience / Expertise	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.	
Term of office	<u>1st appointment</u> : Supervisory Board of May 13, 2014 <u>End of the current office</u> : May 13, 2019	
	Société	Mandat
Operational functions and other corporate offices in the Group	GENFIT SA	Director Research and Development Director of operations
Other corporate offices outside the Group	None	None
Other offices and positions held in the last five years and that have now expired	None	None

1.1.1.2. Operation of the Executive Board

Missions of the Executive Board

The Executive Board :

- is in charge of the management of the Company, which it represents;
- defines the development strategy of the Company and implements its research, commercial and financial choices in relation to operational stakeholders ;
- is vested with the widest powers to act in all circumstances in the name of the Company; it exercises them within the limit of the Company purpose and subject to those powers expressly attributed by Law to the Supervisory Board and to the General Meetings;
- presents its work to the Supervisory Board each quarter.

Following the appointment of Dean Hum as new member of the Executive Board on May 13th, 2014, the Executive Board redefined the duties of Nathalie Huitorel and defined those of Dean Hum in respect of the corporate offices which they specifically exercise within the Executive Board, alongside the technical duties that they perform as employees under their employment contract since joining the Company.

Nathalie Huitorel thus assists the Executive Board and its Chairman in the following specific fields of competence:

- Financial visibility (cash position, etc.) ;
- Balanced budgets and available resources ;
- Company atmosphere and wage policy ;
- Security of tangible and intangible assets.

Dean Hum assists the Executive Board and its Chairman in the following specific fields of competence:

- Industrial and scientific visibility and reputation ;
- Innovation and intellectual property policy ;
- International corporate development.

1.1.1.3. Work of the Executive Board in 2015

The Executive Board meets as often as necessary in order to fulfill its missions. In respect of the year ended December 31st, 2015, the Executive Board held 13 meetings with an attendance rate of 100%.

1.1.2. Supervisory Board

1.1.2.1. Composition of the Supervisory Board

The Supervisory Board is comprised of 5 members :

Nom	Mandat
Xavier Guille des Buttes	Chairman of the Supervisory Board
Charles Woler	Vice- Chairman of the Supervisory Board
BIOTECH AVENIR SAS	Member of the Supervisory Board , represented by Florence Séjourné
Philippe Moons	Member of the Supervisory Board
Frédéric Desdouits	Member of the Supervisory Board

No censor has been appointed.

The corporate offices of the Chairman, the Vice-chairman of the Supervisory Board, and BIOTECH AVENIR will expire in 2016. The corporate office of Mister Philippe Moons, co-opted by the Supervisory Board in 2015 in replacement of FINORPA SCR till the end of its corporate office (2018) will have to be confirmed by the General Meeting in 2016. The corporate office of Mister Frédéric Desdouits will expire in 2018.

Xavier Guille des Buttes 74 years old, French	Chairman of the Supervisory Board , of which he is an independent member Member of the Appointment and Compensation Committee and member of the Audit Committee	
Professional address	-	
Number of Genfit's shares held	771 shares	
Professional Experience / Expertise	Graduated from the ESSCA (l'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 since October 18, 2006, he currently chairs the Supervisory Board since April 5, 2008. In addition to his responsibilities at Genfit, he also serves as a corporate director of several companies. He holds offices within Delpharm Holding (pharmaceutical manufacturing), Diagast, a subsidiary of the French national blood service and Hemarina, a start-up located in Morlaix. 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	<u>1st appointment</u> : October 18, 2006 <u>Last renewal</u> : June 28, 2011 <u>End of the current office</u> : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2015.	
	Company	Office
Operational functions and other corporate offices in the Group	None	None
Other corporate offices outside the Group	DELPHARM HOLDING DIAGAST HEMARINA	Member of the Board of partners Member of the Supervisory Board Member of the Supervisory Board
Other offices and positions held in the last five years and that have now expired	OUEST ANGELS DEVELOPPEMENT	Member of the Supervisory Board

BIOTECH AVENIR SAS	Represented at the Supervisory Board by Florence Séjourné (44 years old, French) Member of the Audit Committee	
Professional address	885, Avenue Eugène Avinée 59120 LOOS	
Number of Genfit's shares held	1,770,574 shares	
Number of Genfit's shares held by Florence Séjourné	64 shares 9.9% of Biotech Avenir	
Professional Experience / Expertise	Graduated from the Ecole des Mines of Paris (Biotechnology option) and holding a master 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 to 2008. Since then, she is Chairman of the Company Da Volterra	
Term of office	<u>1st appointment :</u> <u>Last renewal :</u> <u>End of the current office:</u>	
	Company	Office
Operational functions and other corporate offices in the Group	None	None
Other corporate offices outside the Group	DA VOLTERRA	President
Other offices and positions held in the last five years and that have now expired	None	None

Charles Woler 66 years old, French	Vice-Chairman of the Supervisory Board of Genfit SA, of which he is an independent member – Chairman of the Appointment and Compensation Committee	
Professional address	26, Avenue Tony Garnier - 69007 LYON	
Number of Genfit's shares held	64 shares	
Professional Experience / Expertise	A medical graduate, has a Master degree in Clinical Pharmacology and Pharmacokinetics, and an MBA. He has acquired more than 30 years' experience in the healthcare industry, holding positions of responsibility in SMEs and major French and European pharmaceutical groups. He notably served as Chairman and Chief Executive Officer of Roche France and President of Smithkline Beecham Europe. He has also held various senior managerial positions in the biotechnology industry in France and the United States, for Cadus Pharmaceutical, a biotechnology company listed on Nasdaq, Neuro3d and Endotis Pharma.	
Term of office	<u>1st appointment</u> : October 18, 2006 <u>Last renewal</u> : June 28, 2011 <u>End of the current office</u> : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2015	
	Company	Office
Operational functions and other corporate offices in the Group	None	None
Other corporate offices outside the Group	ATLANTIC HEALTHCARE (United Kingdom) BIODS INFLAM ALPS (Switzerland) SYNEXUS (United Kingdom)	Director (non executive) Chairman Chairman of the Supervisory Board Chairman of the Board
Other offices and positions held in the last five years and that have now expired	BIOMNIS ENDOTIS PHARMA Seed funding ITI GASTROTECH	Executive General Manager Chief Executive Officer Chairman Member of the Supervisory Board

Philippe Moons 64 years old, French	Independent member of the Supervisory Board, of which he is as independent member Chairman of the Audit Committee	
Professional address	-	
Number of Genfit's shares held	85 shares held directly	
Professional Experience / Expertise	Graduated from the "Institut Catholique des Arts et Métiers de Lille" (ICAM 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 1995, 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 to his current responsibilities at Finorpa and Genfit, where he serves as a corporate director, Philippe Moons is a member of the Supervisory 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	<u>1st appointment</u> : October 6, 2000 <u>Last renewal</u>: June 26, 2013 <u>End of the current office</u> : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2017	
	Company	Office/ Function
Operational functions and other corporate offices in the Group	None	None
Other corporate offices outside the Group	None	None
Other offices and positions held in the last five years and that have now expired	ALZPROTECT FONDS D'AMORCAGE FINOVAM PURIFONCTION TERRA NOVA	Member of the Supervisory Board , as permanent representative of FINORPA Member of the Supervisory Board , as permanent representative of FINORPA Member of the Supervisory Board , as permanent representative of FINORPA Member of the Supervisory Board , as permanent representative of FINORPA

Frédéric Desdouts 48 years, French	Member of the Supervisory Board, of which he is an independent member Member of the Appointment and Compensation Committee	
Professional address	-	
Number of Genfit's shares held	100 shares	
Professional Experience / Expertise	Mister Frédéric Desdouts is head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence since 2011. He is 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 Desdouts was a member of the Pre-Phase III DPU Blood & Vessels Specific Board at Sanofi Aventis (now Sanofi) R&D (Chilly-Mazarin, France). Between 2008 and 2011, Frederic was Board member at Exonhit Therapeutics (now Diaxonhit Therapeutics) and member of the M&A subcommittee. Frédéric Desdouts is 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 and is a CEFA (Certified European Financial Analyst).	
Term of office	<u>1st appointment</u> : June 20, 2014 <u>End of the current office</u> : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2017	
	Company	Office/ Function
Operational functions and other corporate offices in the Group	None	None
Other corporate offices outside the Group	LABORATOIRES PIERRE FABRE	Vice-Chairman – Head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence Department
Other offices and positions held in the last five years and that have now expired	BIONEST PARTNERS BIONEST PARTNERS FINANCE EXONHIT THERAPEUTICS * GIDEAL	Chairman Chairman and Managing Partner Member of the Supervisory Board Manager

*listed company

Independence Criteria

On December 31st, 2015 and on the date of this report, four out of five of the members of the Supervisory Board were independent as per the Middledenext Code. Within the meaning of that code, a member of the Supervisory Board is an independent member if he:

- 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 three previous years ;
- is 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 ;
- is not a reference shareholder of the Company ;
- does not have a close family relationship with a corporate officer or a reference shareholder ;
- was not an auditor of the Company during the three previous years.

Applying these criteria, the only non-independent member of the Supervisory Board is the Company BIOTECH AVENIR represented by Ms Florence Séjourné (reference shareholder of the Company).

Balanced representation of women and men

With Ms Florence Séjourné, one out of five members of the Board is a woman, such that on the date of this Report, the Board complies with Article 5-II of the law no. 2011-103 of January 27th, 2011 which provides that members of each sex should make up at least 20% of the Supervisory Board. As the number of its Board members changes, the Company intends to conform to the legal requirement by January 1st, 2017.

1.1.2.2. Operation of the Supervisory Board

Missions of the Supervisory Board

- Discussion of strategic orientations ;
- Appointment of members of the Executive Board and members of the Specialist Governance Committees (see hereafter) ;
- Examination of the half-year and annual management reports and accounts and of the quarterly reports of the Executive Board ;
- Examination of the annual budget and of its realization ;
- Examination of the reports of the Specialized Committees of Governance ;

- Approval of the annual report of the Chairman of the Supervisory Board on the Composition of the Supervisory Board and the application of the principle of balanced representation of women and men, the conditions governing the preparation and organization of the work of the Supervisory Board as well as on the internal control procedures implemented by the Company.

Rules of procedure of the Supervisory Board

The rules of procedure are regularly updated in accordance with regulatory changes.

Presentation of the main provisions :

The rules of procedure of the Supervisory Board describe the conditions governing the organization, mode of operation, powers and responsibilities of the Supervisory Board as well as the rules of ethical conduct which apply to its members. The rules of procedure are purely for internal purposes and do not apply to the Company, shareholders or third parties. The rules instituted by the rules of procedure are instituted without prejudice to those contained in the Articles of Association of the Company or imposed by the laws and regulations in force, which prevail.

Each member of the Board has received and examined the provisions of the rules of procedure of the aforesaid Board concerning insider trading and conflicts of interest.

The Article 11 of the rules of procedure of the Board provides that all members of the Board must endeavor *“to avoid all conflicts which may exist between their moral and material interests and those of the Company. They inform the Supervisory Board of any conflict of interest concerning them, notably because of membership in the management bodies of companies of the same branch of industry. Where they cannot avoid a conflict of interest, they abstain from taking part in proceedings and in any decision on the matters concerned. The Supervisory Board reserves the right to ask each member of the Supervisory Board for regular information on the evolution of his activities in order to evaluate in a preventive manner, with the member concerned, the existence of possible conflicts of interest.”*

The Article 12 of the rules of procedure specifies that members of the Board *“shall not take any initiative which might harm the interests of the Company, and shall act in good faith at all times. Members undertake personally to maintain absolute confidentiality in relation to the information they receive, the proceedings in which they take part and the decisions taken. They shall not use any inside information to which they have access for their own or anyone else's benefit. In particular, if they possess in respect of the Company where they exercise their mandate as member of the Supervisory Board information that has not been made public, they shall refrain from using such information to carry out transactions involving the Company's securities or causing a third party to carry out such transactions.”*

The internal rules are set out hereinafter in Appendix 1.

Evaluation of the Supervisory Board

Frequency and methods:

The Supervisory Board carries out a self-assessment of its work once a year. It carried out this assessment in respect of its work for 2015 when it met on February 1st, 2016.

Results :

The Supervisory Board unanimously found that all questions coming under its area of responsibility were prepared and discussed in a satisfactory and regular manner on the basis of clear and precise preliminary information or responses to its questions, whether provided by the Executive Board or the specialized committees of the Supervisory Board.

1.1.2.3. Activity of the Supervisory Board in 2015

Number of meetings	6
Average attendance rate	90%

In the 2015 financial year, the main topics addressed by the Supervisory Board were:

- Examination of the management reports and Company and consolidated financial statements for the year ended December 31, 2015 and examination of the 2015 half-year reports and accounts ;
- Examination of the quarterly activity reports of the Executive Board ;
- Updating of the rules of procedure of the Supervisory Board, Audit Committee and the Committee of the Appointments and Remuneration following the admission to list the Company's shares on the regulated market of Euronext and the subsequent adoption of Middlednext code as reference code in the field of corporate governance ;
- Examination of the Agenda and draft resolutions proposed for the Shareholders' General Meetings convened in 2015 ;
- Adoption of the reports of the Supervisory Board at the Shareholders' General Meeting ;
- Evaluation of the operation and the preparation of the work of the Supervisory Board during the fiscal year 2014 ;
- Review of the report of the Chairman of the Supervisory Board on the governance of the company and internal control for 2014 ;
- Information on the use made by the Executive Board of a delegation of authority granted by the Shareholders' General Meeting ;
- Determining the remuneration policy of executive corporate officers for the financial year 2015 ;
- Cooptation of a new member of the Supervisory Board ;
- Appointment of a new member of the Audit Committee ;
- Determination of the conditions governing the distribution of attendance fees between its members.

1.1.3. Committees of the Supervisory Board: Audit Committee

1.1.3.1. Composition of the Audit Committee

In accordance with its operating rules adopted by the Supervisory Board and reproduced in the rules of procedure of that committee, the Audit Committee is composed of at least three members appointed by the Supervisory Board, of which at least two thirds are independent members. Mr. Philippe Moons has strong accounting and financial expertise.

The members of this committee on the date of this report are:

Name	Office
Philippe Moons	Independent member of the Supervisory Board Chairman of the Audit Committee
BIOTECH AVENIR SAS	Member of the Supervisory Board, represented by Florence Séjourné
Xavier Guille de Buttes	Chairman and Independent member of the Supervisory Board

1.1.3.2. Operation of the Audit Committee

The Committee meets at least three times a year, further to a notice issued by its Chairman. At least twice a year, the members of the Audit Committee must meet with the Company's Chief Financial Officer and external auditors.

Missions of the Audit Committee

Its missions are as follows:

- to verify the integrity of the financial information issued by the Company and notably examine the consistency and relevance of the accounting standards and methods applied by the Company. This verification involves the evaluation of the accuracy, exhaustiveness and consistency of financial information as well as the continuity of accounting methods. To that end, the Committee examines the financial statements presented by the Executive Board. Following that examination, the Committee provides its observations to the Supervisory Board and sends a copy of them to the Executive Board.
- to assess whether the accounting methods should be changed. In particular, the Committee carefully examines the accounting methods used for the evaluation of significant or unusual transactions;

- to monitor the effectiveness of the Company's internal control and risk management procedures and declare whether any irregularities or anomalies were found in the Company's financial statements or control procedures;
- to ensure the Company's auditors are independent and objective. To that end, the Committee examines the relations between the auditors and the Company in their entirety.

Rules of procedure of the Audit Committee

The internal rules are set out hereinafter in Appendix 2.

1.1.3.3. Work of the Audit Committee in 2015

Number of meetings	3
Average attendance rate	100%

In financial year 2015, the main topics addressed by the Audit Committee were :

- Examination and adoption of the rules of procedure of the Audit Committee following the admission to list the Company's shares on the regulated market of Euronext and the subsequent adoption of Middenext code as reference code in the field of corporate governance ;
- Examination of and issuance of an opinion on the accounts of the Company Genfit SA for the year ended December 31, 2014 and the procedures and standards used to prepare them ;
- Examination of and issuance of an opinion on the consolidated financial statements of the Genfit Group for the year ended December 31, 2014 and the procedures and standards used to prepare them ;
- Examination and opinion on the report of the Chairman of the Supervisory Board on the governance of the Company and internal control for the financial year 2014 ;
- Examination of and issuance of an opinion on the consolidated financial statements of the Genfit Group at June 30, 2015 and the procedures and standards used to prepare them.

1.1.4. Committees of the Supervisory Board: Appointment and Compensation Committee

1.1.4.1. Composition of the Appointment and Compensation Committee

In accordance with its operating rules adopted by the Supervisory Board and reproduced in the rules of procedure of that Committee, the Appointment and Compensation Committee is composed of at least three members appointed by the Supervisory Board. It is composed of independent members.

The members of this committee on the date of this report are :

Name	Office
Charles Woler	Chairman of the Appointment and Compensation Committee and independent member of the Supervisory Board
Xavier Guille des Buttes	Chairman and Independent member of the Supervisory Board
Frédéric Desdouits	Independent member of the Supervisory Board

1.1.4.2. Operation of the Appointment and Compensation Committee

The Committee meets at least three times a year, further to a notice issued by its Chairman.

Missions of the Appointment and Compensation Committee

The missions of the Appointment and Compensation Committee are :

- to ensure the professionalism and objectivity of the procedures for the appointment of executives and corporate officers. In particular, it makes appropriate proposals concerning the size and desirable balance of the composition of the Supervisory Board and of the Executive Board in relation to the structure and development of the ownership of the Company, as well as taking into consideration requirements for good corporate governance, notably concerning the proportion of independent members on the Supervisory Board. It looks for and evaluates possible candidates and assesses whether mandates should be renewed ;

- to examine the situation of all members of the Executive Board and the Supervisory Board with regard to their relationships with the Company that might impair their freedom of judgment or entail a potential conflict of interest with the Company. The Appointment and Compensation Committee must also organize a procedure for the selection of future independent members of the Supervisory Board ;
- to make suggestions to the Supervisory Board concerning the compensation and benefits paid to executives and corporate officers, including attendance fees and wages, any benefits or compensation that such persons may receive under an employment or service contract with the Company, the compensation and benefits due upon or subsequent to the termination of their function, the allocation of equity warrants or stock options or the free allotment of shares or any other form of long-term profit-sharing in the Company. In this respect, the Appointment and Compensation Committee assesses the compensation scale offered by the Company in relation to the compensation of the market and makes recommendations concerning levels of compensation and the breakdown between the various compensation components, as well as remuneration modifications that may be offered by the Company to its executives and officers.

Rules of procedure of the Appointment and Compensation Committee

The internal rules are set out hereinafter in Appendix 3.

1.1.4.3. Activities of the Appointment and Compensation Committee in 2015

Number of meetings	3
Average attendance rate	89%

In financial year 2015, the main topics addressed by the Audit Committee were:

- Examination and opinion relative to the draft resolutions of the Shareholders' General Meeting concerning the allocation of equity warrants (BSA) and Redeemable Share Subscription Warrants (BSAAR) to executive and non-executive officers and to employees of the Company ;
- Examination and adoption of the rules of procedure of the Appointment and Compensation Committee, updated following the admission to list the Company's shares on the regulated market of Euronext and the subsequent adoption of Middlednext code as reference code in the field of corporate governance ;
- Examination and opinion relative to the report of the Chairman of the Supervisory Board on the governance of the Company and internal control for the financial year 2014 ;
- Examination and opinion on the situation of each of the members of the Executive Board and the members of the Supervisory Board based on the relations it maintains with the Company which, by nature, may compromise its free judgment or lead to potential conflicts of interest with the Company ;

- Examination and opinion relative to the remuneration policy applicable to executive corporate officers of the Company for financial year 2015 ;
- Examination and opinion relative to the annual budget for attendance fees and their distribution between non-executive officers of the Company for financial year 2015 ;
- Examination of the candidacy and opinion relative to the co-optation of a new member of the Supervisory Board ;
- Examination and opinion relative to the Issue of equity warrants (BSA) for the benefit of a non-executive officer of the Company and certain of its scientific advisors ;
- Examination and opinion relative to the candidacy of a member of the Supervisory Board for the function of member of the Audit Committee of the Company.

1.1.5. Other committees

As specified in the article 20 of GENFIT's Articles of Association, and as reminded in the rules of procedure of the Supervisory Board, the Board may decide to create committees to study questions that it or its Chairman would like to submit to their examination for an opinion. There exists no committee of this type other than the Appointment and Compensation Committee and the Audit Committee on the date of this report.

The Company also has a Scientific Advisory Board composed, on the date of this report, of six (6) members. The Scientific Advisory Board is not a committee of the Supervisory Board within the meaning of Article R.225-29 of the French Commercial Code. Its members are chosen by the Executive Board. This kind of advisory committee is very common in companies of biotechnology sector.

Composition of the Scientific Advisory Board

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 has published over 355 original articles. He has also written over 180 review articles.
Professor Vlad Ratzu	Professor of Medicine at the Pierre and Marie Curie University in Paris, he performs his hospital work at the La Pitié Salpêtrière 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 <i>Hepatology</i> review and is on the editorial board of the <i>Journal of Gastroenterology and Hepatology</i>.

Professor Arun Sanyal	Doctor 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.
Professor Jean-Frédéric Colombel	Professor Jean-Frédéric Colombel is a gastroenterologist and currently the head of the Center of Inflammatory Diseases of the Intestine at the Department of Gastroenterology of Icahn School of Medicine at Mount Sinai in New York. Member of the learned society IOIBD (International Organization of Inflammatory Bowel Disease) since 2009, and scientific adviser to the AGA (American Gastroenterological Association) since 2006, he has also been chairman of several international organizations, including the ECCO (European Crohn's and Colitis Organization).

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.).

1.1.6. Declarations concerning the Executive Board and the Supervisory Board

So far as the Company is aware, there are no family ties between the above persons.

So far as the Company is aware, the declarations below apply to the above persons over the last five years :

- they were not sentenced by a court for fraud ;
- they were not involved (as an executive or a director) in bankruptcy, administration or liquidation proceedings ;

- they have not been prohibited from managing a company ;
- they have not been held criminally liable or had official public sanctions imposed against them by a statutory or regulatory authority, including by designated professional bodies.

1.1.7. Conflicts of interest

Certain members of the Executive Board and of the Supervisory Board are direct or indirect shareholders of the Company (see details in the sheet concerning each person).

The Appointment and Compensation Committee examined, as it does every year, in accordance with its rules of procedure, the situation of all members of the Executive Board and of the Supervisory Board with regard to their relationships with the Company that might impair their freedom of judgment or entail a potential conflict of interest with the Company. Following this examination and so far as the Group is aware, no current or potential conflict of interest exists between the private interests of members of the Company's Executive Board and Supervisory Board and the Company's interests.

1.1.8. Service contracts between members of the Executive Board and of the Supervisory Board and Genfit

None.

1.2. APPLICATION OF THE CODE OF CORPORATE GOVERNANCE OF MIDDLENEXT LISTED COMPANIES

Recommendation of the Middenext Code	Genfit Practice
R1: Combined holding of employment contract and corporate office The Supervisory Board assesses whether the combined holding of an employment contract and a corporate mandate as Chairman of the Executive Board should be authorized.	Upon the creation of the Company, the first Supervisory Board authorized the Chairman of the Executive Board to combine his mandate with an employment contract.
R3: Severance pay Where compensation has been provided for, it is recommended that its upper limit, after taking into account any payment under the employment contract, should not exceed two years of fixed and variable remuneration	The Chairman of the Executive Board benefits from severance pay which is higher than this upper limit.
R5: Stock options and free allotment of shares It is recommended that the exercise of some or all of these instruments should be subject to performance conditions that reflect the medium/long-term interests of the company	There is no individual performance condition associated with the benefit of BSA and BSAAR allotted to executive and non-executive officers because of the small number of allotted instruments and the main objective of the implementation of these tools: recruitment and building loyalty.

1.3. REMUNERATION OF EXECUTIVES

1.3.1. Remuneration of executive officers

1.3.1.1. Remuneration of members of the Executive Board

The remuneration of executive officers (members of the Company's Executive Board) is composed of fixed remuneration and a benefit in kind in respect of their duties as employees and their corporate mandates within the Company, which may be supplemented by:

- an annual variable compensation decided by the Supervisory Board in respect of the fulfillment of their corporate mandate ;

- an exceptional remuneration in respect of their duties as employees within the framework of an incentive plan instituted, following a favorable opinion of the Company's Appointment and Compensation Committee and Supervisory Board, by a decision of the Executive Board of January 25th, 2013, extended after favorable opinions of the Appointment and Compensation Committee and the Supervisory Board, by a decision of the Executive Board of April 16th, 2014, to effectively help implement various strategic channels of development envisaged by the Company. This plan applies in particular if a minimum amount of funds is raised over a given period and provides, in that case, for a fixed part and an additional variable performance-based amount of no more than 1% of the funds raised to be distributed, with 40% reserved for the Chairman of the Executive Board and 60% for senior executives of the Company.

Since 2014, they can also benefit from equity warrants (BSA) and/or redeemable share subscription warrants (BSAAR).

Summary table of remuneration (1) of each Executive corporate officer				
	Financial year ended December 31, 2015		Financial year ended December 31, 2014	
	Amount due	Amount paid	Amount due	Amount paid
Jean-François MOUNEY - Chairman of the Executive Board				
Fixed annual remuneration	487 272 €	472 272 €	372 978 €	360 431 €
Variable remuneration	0	0	27 178 €	27 178 €
Exceptionnal remuneration	167 927 €	140 761 €	785 696 €	617 901 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	20 806 €	20 806 €	21 364 €	21 364 €
TOTAL	676 005 €	633 838 €	1 207 216 €	1 026 874 €
Nathalie HUITOREL - member of the Board				
Fixed annual remuneration	148 335 €	143 720 €	99 272 €	100 825 €
Variable remuneration	0	0	7 183 €	7 183 €
Exceptionnal remuneration	77 237 €	63 598 €	187 270 €	133 796 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	3 368 €	3 368 €	3 368 €	3 368 €
TOTAL	228 940 €	210 686 €	297 093 €	245 172 €
Dean HUM - member of the Board (2)				
Fixed annual remuneration	251 419 €	242 573 €	101 689 €	90 145 €
Variable remuneration	0	0	0 €	125 €
Exceptionnal remuneration	220 029 €	149 542 €	386 123 €	245 295 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	3 497 €	3 497 €	2 232 €	2 232 €
TOTAL	474 944 €	395 611 €	490 044 €	337 797 €

(1) The amounts indicated are gross amounts

(2) The office of Dean Hum began on May 13, 2014

The remuneration indicated correspond to the period of exercise of its office

Executive officers	Employment contract		Supplementary pension benefit plan		Compensations or benefits due or likely to be due in respect of the termination or change of position		Compensation related to a non-competition clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-François MOUNEY	X			X	X			X
Chairman of the Executive Board								
First appointment : 9/15/1999								
Term of office: 7/3/2018								
Nathalie HUITOREL	X			X		X		X
Member of the Executive Board								
First appointment : 7/3/2008								
Term of office : 7/3/2018								
Dean HUM	X			X		X		X
Member of the Executive Board								
First appointment : 5/13/2014								
Term of office : 5/13/2019								

Equity warrants (BSA) and/or redeemable share subscription warrants (BSAAR)

(In Euros)	BSAAR 2014-A	BSAAR 2014-B	BSAAR 2014-C
Date of the Shareholder's meeting	04/02/2014	04/02/2014	04/02/2014
Date of the Executive board meeting	9/15/2014	9/15/2014	9/15/2014
Beneficiaries corporate officers			
Jean-François Mouney, Chairman of the Executive Board	3,118	6,237	6,237
Nathalie Huitorel, Member of the Executive Board	1,000	6,237	6,237
Dean Hum, Member of the Executive Board	1,783	6,237	6,237

1.3.1.2. Remuneration of members of the Supervisory Board

The remuneration of non-executive officers, who are independent natural persons of the Supervisory Board, is composed of attendance fees.

Since 2014, they can also benefit from equity warrants (BSA).

Attendance fees

The sums allocated by way of attendance fees to the independent members of the Supervisory Board, natural persons not representing a legal person, were fixed as follows for 2015:

- €1,000 for each participation by conference call in a meeting of the Supervisory Board, of the Appointment and Compensation Committee or of the Audit Committee;
- €1,500 for each physical participation in a meeting of the Supervisory Board, of the Appointment and Compensation Committee or of the Audit Committee;
- an additional fixed remuneration of €10,000 for 2015 payable in two equal tranches at the end of each six-month period was granted to the Chairman of the Supervisory Board;
- the 2015 annual budget for attendance fees was fixed at €100,000.

Table summarizing the attendance fees of the members of the Supervisory Board

Attendance fees and other forms of remuneration payable to each of the non executive officer				
Non executive officers	Amounts due* during the fiscal year 2015	Amounts paid* during the fiscal year 2015	Amounts due* during the fiscal year 2014	Amounts paid* during the fiscal year 2014
Xavier GUILLE DES BUTTES				
Attendance fees	20 935 €	20 935 €	21 330 €	21 725 €
Other remuneration				
TOTAL	20 935 €	20 935 €	21 330 €	21 725 €
Charles WOLER				
Attendance fees	6 715 €	6 715 €	8 690 €	8 690 €
Other remuneration				
TOTAL	6 715 €	6 715 €	8 690 €	8 690 €
Frédéric DESDOUITS				
Attendance fees	9 085 €	9 085 €	3 160 €	3 160 €
Other remuneration				
TOTAL	9 085 €	9 085 €	3 160 €	3 160 €
BIOTECH AVENIR represented by Florence Séjourné				
Attendance fees	- €	- €	- €	- €
Other remuneration				
TOTAL	- €	- €	- €	- €
FINORPA represented by Philippe Moons				
Attendance fees	- €	- €	- €	- €
Other remuneration				
TOTAL	- €	- €	- €	- €
Philippe MOONS				
Attendance fees	4 740 €	4 740 €	- €	- €
Other remuneration				
TOTAL	4 740 €	4 740 €	- €	- €
TOTAL	41 475 €	41 475 €	33 180 €	33 575 €

* after deduction of the 21% flat rate levy

Equity warrants (BSA)

	BSA 2014-A	BSA 2014-B	BSA 2015-A	BSA 2015-B
Date of the Shareholder's meeting	04/02/2014	04/02/2014	04/02/2014	04/02/2014
Date of the Executive board meeting	7/24/2014	7/24/2015	01/09/2015	01/09/2015
Beneficiaries corporate officers				
Xavier Guille des Buttes, independent member of the Supervisory Board	14,030	14,030		
Charles Woler, independent member of the Supervisory Board	9,355	9,355		
Frédéric Desdouits, independent member of the Supervisory Board			7,015	7,015

1.3.2. Pensions and other benefits

1.3.2.1. Components of remuneration, compensation or benefits due or likely to be due in connection with the assumption, termination or change of functions as a corporate officer

Name	Components of remuneration, compensation or benefits
Beneficiary	Jean-François Mouney who benefits from an employment contract as Chief Executive Officer.
Amount and calculation method	Under this contract, he benefits from 6 months' notice in the event of dismissal (except in the case of serious misconduct or gross negligence) or resignation, as well as from contractual severance pay in the event he is dismissed (other than for serious misconduct or gross negligence) of six months' salary, calculated on the basis of the last 12 months, plus an indemnity of 1 additional month's salary per year of service within the Company. At the end of 2015, this commitment (gross + employer charges) amounted to € 1,197k.

1.3.2.2. Other benefits

Loans, advances or guarantees granted by the company to its corporate officers: none.

1.3.2.3. Supplementary retirement scheme

None.

2. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

2.1. 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.

2.2. SCOPE OF THE INTERNAL CONTROL OF THE GROUP

The Company's internal control system covers the parent and all subsidiaries of the Group.

2.3. 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 Executive Board, 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 Supervisory Board, Executive Board, management and employees of GENFIT, designed to provide reasonable assurance that the following objectives are achieved:

- deliver reliable financial and accounting information;
- 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 Executive Board.

The Executive Board has designed and developed the internal control system. 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.

One of the objectives of internal control is to prevent and manage the risks of errors or fraud, particularly in the accounting and financial domains. The Company has put in place and developed a set of internal control procedures in order to ensure, to the best extent possible, rigorous financial management and management of risks such as described in the listing prospectus. However, like any control system, there can be no absolute guarantee that such risks have been completely eliminated or managed.

2.4. DESCRIPTION OF THE MAIN COMPONENTS OF THE INTERNAL CONTROL SYSTEM

2.4.1. Control environment

2.4.1.1. Responsibilities in relation to internal control

The Supervisory Board

The Executive Board reports to the Supervisory Board on the main characteristics of the internal control system.

The Audit Committee and the Appointment and Compensation Committee are the principal tools used by the Supervisory Board to carry out its internal control mission.

The Supervisory Board may use its general powers as needed to have any audits or verifications that it deems timely carried out or to take any other action that it deems appropriate in this regard. Neither the Board nor the committees formulated any such request in financial year 2015.

The Executive Board

It is responsible for designing, implementing and monitoring the system that is best suited to the situation and the developing business of the company. Within this framework:

- it keeps itself regularly informed of its operating problems, insufficiencies, difficulties of application, and even of its excesses ;
- it ensures the necessary corrective actions are taken ;
- it informs the Supervisory Board in relation to important points.

The 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.

The Quality Department

It is responsible for identifying risks and assessing the quality assurance system and making recommendations in the area covered by its missions.

The Safety Department

It is responsible for identifying risks and evaluating the adequacy of the safety measures as activities and the environment change, and making recommendations in the area covered by its missions.

2.4.1.2. Delegations of authority and rules of commitment

On the financial and contractual level, only the Chairman of the Executive Board has the power to make commitments on behalf of the Company.

In these domains, the Chief Financial and Administrative Officer benefits from a delegation of authority of the Chairman of the Executive Board 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.

2.4.1.3. Rules of ethics and professional conduct

Genfit is a biopharmaceutical company specializing in the research and development of therapeutic and diagnostic solutions for metabolic and inflammatory diseases, particularly the area of hepato-gastroenterology. The long-term objective of its research programs is to be able to propose new therapeutic strategies for pathologies the management of which is a major public health issue.

Animal testing, for in vivo validation of the results obtained in vitro and in silico, is an essential stage in the scientific approach, and an imperative phase prior to testing on 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 the conditions defined by the amended Data Protection Law no. 78-17 of January 6th, 1978 and its implementing regulations and, if necessary, the decision of the National Data Protection Commission (*Commission Nationale de l'Informatique et des Libertés*) of January 5th, 2006 approving a reference methodology for the treatment of personal data in connection with biomedical research. Genfit also ensures that participants in clinical trials grant their informed consent.

2.4.1.4. Protection of confidential information

The value of the Company is primarily founded on the information that results from its research work. When it was founded GENFIT realized 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 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.

2.4.1.5. Quality Assurance System

Within the framework of its activity, GENFIT must satisfy:

- the regulatory requirements to be met by:
 - ⇒ its Partners or Customers in connection with their pharmaceutical activities ;
 - ⇒ the company in connection with the development of its drug candidates ;
 - ⇒ the company as a service provider.
- health and safety legislation and regulations by:
 - ⇒ ensuring its laboratories are compliant (GMO, in vivo experiments, radiation protection) ;
 - ⇒ implementing preventive, information and training actions.

In this context, GENFIT's quality assurance system is optimized to meet the following three objectives:

- to optimize (PRODUCTIVITY);
- to increase reliability (CONFIDENCE);
- to ensure continuity (TRACEABILITY).

It is managed and updated by the Quality Department, which performs certain missions based on the following main themes:

- implementation of procedures ;
- optimization of processes, as part of the continuous improvement of the internal functioning of the company (work methods, training, communication, audits, etc.) and of the service provided by industrial partners (documented and validated protocols, verified equipment, verified laboratory report forms, etc.) ;
- regulatory watch ;
- implementation and analysis of audits, monitoring of corrective actions.

2.4.2. Risk management system

A description of the main risks with which the Group may be confronted appears in the Management Report. Implemented by operational staff, overseen by the Chairman of the Executive Board, 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.

The risk mapping will be subject to a periodic updating and a regular monitoring by the Audit Committee in order to ensure, in particular, follow-up of control actions initiated by the Executive Board and the effective management of the risks of the Group.

2.4.3. 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 Executive Board, 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.

2.4.3.1. Protection of persons and premises

The laboratories are equipped with a fire detection system. The solvent room, the computer room 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.

2.4.3.2. Computer 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.

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.

2.4.3.3. 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 Executive Board 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 Board 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 Documentation

An exhaustive filing system has been put in place within the Intellectual Property Department.

2.4.3.4. Research and development

The purpose of the Company is to discover and/or develop innovative therapeutic solutions (drug candidates) and diagnostics (companion tests and biomarker candidates) in the area of metabolic and inflammatory diseases, particularly in the hepato-gastroenterology field.

It carries on this activity primarily within the framework of “proprietary” research and development programs, for which it holds all of the intellectual property rights or in collaboration with pharmaceutical-industry partners within the framework of “collaborative research alliances” where most of the Intellectual property rights generated during the collaboration are held by the partners. To a much lesser extent the Company, since its creation, has also offered services to industrial or other biotech companies, which rely on the technological platforms and tools developed in the course of its research and development work.

During the year ended December 31st, 2015, the Company pursued and concentrated its efforts on what has become its core business, namely its proprietary research and development programs in the area of inflammatory and metabolic disease.

The work carried out and the follow-up tasks to be completed are evaluated by steering committees.

The Scientific Committee and the Chairman of the Executive Board regularly check that research and development work is in line with the strategic objectives of the Company.

2.4.3.5. Purchases

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.

2.4.4. Information and communication

All quality actions are provided for in the “quality assurance plan”.

2.4.4.1. Management of problems

Problems may be identified during internal and external controls, pursuant to inspections or may be reported by staff members.

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 Manager follows up on these actions.

The Chairman of the Executive Board receives a monthly report on actions carried out and to be carried out.

2.4.4.2. 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”).

2.4.4.3. 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.

2.4.4.4. Dissemination of information on the Company's strategy

The Chairman of the Executive Board 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 of the Executive Board.

2.4.5. Steering of internal control

Steering of internal control systems is carried out by the Executive Board of the Company and monitored by the Audit Committee. The Executive Board relies, on the one hand, on the management control function of the company, and on the other hand, on the quality and security function, which may lead to the adaptation of the internal control system. Given the size of the Company, it was not deemed necessary to create a dedicated internal control function.

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 either scheduled annually (e.g. laboratory report forms) during the Management review or carried out at the express request of 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.

2.5. INTERNAL CONTROL PROCEDURES RELATIVE TO THE PREPARATION AND TREATMENT OF FINANCIAL AND ACCOUNTING INFORMATION

2.5.1. Key processes affecting the reliability of the Group's financial information

Financial and accounting processes correspond to all activities making it possible to transform the economic operations undertaken by the Company into financial and accounting information.

These processes break down 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.

2.5.2. 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 is concerned with:

- 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.

2.5.2.1. 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 framework	reference	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 31st, 2015, 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, and the half-year accounts by a half-year activity report.

2.5.2.2. 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 CEO 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.

The Administration and Finance Department :

- validates the operations involved in the production of financial statements ;
- coordinates the work of the teams and parties involved ;
- prepares financing plans, validates cash and other budgets.

Production of financial and accounting information relative to GENFIT CORP

The accounts of the entity 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 commitments within the framework of the half-yearly reporting has thus been entrusted to KPMG.

In addition, the Company utilizes the services of experts to validate the reliability of the information produced :

- The firm KPMG validates every half year the consolidation operations and IFRS adjustments carried out. It also assists, if necessary, on a case-by-case basis with “complex” accounting transactions ;
- The Company uses specialized firms in matters of valuation.

2.5.2.3. 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 Executive Board, and is reviewed by the Audit Committee, and then by the Supervisory Board which provide their comments to the Shareholders' General Meeting.

Thus, the Executive Board is responsible for :

- organizing and implementing internal financial and accounting control ;
- preparing accounts for closing ;
- closing of the accounts.

The Supervisory Board subjects the accounts to whatever checks and controls it deems necessary.

This work can be prepared by the Audit Committee.

In addition, in the course of their certification work, the auditors take cognizance of and monitor the development of the internal control system within the framework of an annually-determined interim mission.

2.5.2.4. 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) 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).

During 2015, work has been taken to update this tool in order to reduce the closure deadline.

2.5.2.5. 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.

2.5.2.6. Organization and security of management information systems

The accounting information system comprises :

- the accounting enterprise resource planning (ERP) software Sage X3, 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 Sage X3 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 Sage X3 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.

Sage X3 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 functionalities 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.

2.5.2.7. 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 (in connection with the preparation of the half-year financial statements audited by the auditors).
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.

APPENDIX 1

RULES OF PROCEDURE

AND

CODE OF ETHICS OF THE SUPERVISORY BOARD

The Supervisory Board, in order to perform the tasks entrusted to it under the principles of "corporate governance", wanted to establish a body of organizational and operational rules that will apply to it in accordance with laws, regulations and the Articles of Association.

Concurrently, to implement the principles of "corporate governance", the Supervisory Board decided to set up rules of conduct that would apply to each of its members.

Therefore, these rules describe, first, the organizational and operating arrangements, powers and duties of the Supervisory Board and, second, the code of ethical conduct to which its members are held.

They are strictly for internal use and are not enforceable on the company, its shareholders, or third parties.

The rules established by these rules of procedures apply without prejudice to those set forth in the Company Articles of Association or those imposed by laws and regulations in effect (the "Law"), which shall prevail. Its existence will be disclosed to the Company's shareholders.

I - OPERATION AND POWERS OF THE SUPERVISORY BOARD

Article 1 - Appointment of Members of the Supervisory Board

1.1 In accordance with the provisions of Article 17 of the Company Articles of Association, the Board consists of at least three members and no more than eighteen members, subject to the exception provided for by law in the event of a merger.

Members of the Supervisory Board are appointed from among shareholders (individuals or legal entities) at the Ordinary General Meeting of Shareholders, who may remove them from office at any time. However, in the event of a merger or split, members of the Supervisory Board may be appointed by shareholders at an Extraordinary General Meeting.

No member of the Supervisory Board is permitted to be a member of the Executive Board.

No more than one-third of members of the Supervisory Board may be seventy (70) years of age. If this age limit applicable to members of the Supervisory Board is exceeded, the eldest member of the Supervisory Board will be deemed to have automatically resigned.

1.2 The term of office of members of the Supervisory Board is five (5) years. Their office expires at the close of the General Meeting at which shareholders decide on the financial statements for the previous year, held in the year in which their office expires.

Members of the Board are eligible for reelection.

They may be removed at any time by shareholders at an Ordinary General Meeting.

1.3 Members of the Supervisory Board may be individuals or legal entities; Any legal entity member must, at the time of its appointment, name a permanent representative who will be bound by the same terms, conditions and obligations and who will incur the same liability by law as if he/she were a member of the Board in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents.

If the legal entity removes its representative, it must simultaneously replace him/her. The foregoing also applies in the event the permanent representative dies, resigns or is subject to an extended impediment.

An individual who accepts and exercises the duties of member of the Supervisory Board must agree to swear under oath, at any time, that he/she complies with the limitation imposed by Law as regards the combined holding of a seat as member of the Supervisory Board and a position as director of a corporation.

1.4 If a Board member's seat becomes vacant between two General Shareholders' Meetings as a result of death or resignation, the Board may make temporary appointments.

Appointments made by the Supervisory Board are subject to ratification by shareholders at their next Ordinary General Meeting. If an appointment is not ratified, the decisions and actions taken previously by the Board will nonetheless be valid.

If the number of Board members falls below the minimum required by law, the Executive Board must immediately convene an Ordinary General Meeting of Shareholders to make up the required number of Board members.

Any member of the Supervisory Board appointed to replace another will remain in office only for the remaining term of his/her predecessor's office.

1.5 Each member of the Supervisory Board must own at least sixty-four (64) shares in the Company.

If, on the day of his/her appointment, a member of the Supervisory Board does not own the required number of shares or if he/she ceases to own them during his/her term, he/she is considered to have automatically resigned if the situation is not put in order within three months.

Article 2 - Chairmanship and Vice-Chairmanship of the Supervisory Board

The Supervisory Board must appoint a Chairman and a Vice Chairman from among its individual members, who will be responsible for convening Board meetings and overseeing business transacted at such meetings.

The Chairman and the Vice-Chairman perform their duties for the term of their office as members of the Supervisory Board. They are eligible for reelection.

The Board may also appoint a secretary, who may but need not be a Board member, and must set the secretary's term of office.

Article 3 - Powers of the Supervisory Board

3.1 The Supervisory Board exercises permanent control over the management duties performed by the Executive Board.

3.2 At any time of the year, the Supervisory Board may carry out the verifications and controls it considers appropriate and obtain any documents it considers necessary to perform its duties.

At least once per quarter, it receives a report from the Executive Board.

Within three months of the end of each fiscal year, the Executive Board presents the Supervisory Board with the annual financial statements and a written management report for verification and control purposes.

The Supervisory Board informs shareholders at their Annual Ordinary General Meeting of its observations on the Executive Board's report and on the annual financial statements.

3.3 The Supervisory Board may decide, by virtue of a unanimous decision less two votes of its members who are present or represented or, where permitted by law, who attend the meeting by video-conference or by any other method of telecommunication, and at least by a majority of votes cast by said persons, to set up committees responsible for considering matters submitted to them by the Board or its Chairman for review. In accordance with the same condition as to a qualified majority vote, the Board must also set the composition of these committees and determine their duties.

The following committees already exist:

- Appointment and Compensation Committee;
- Audit Committee.

The role of these committees is strictly advisory. The Supervisory Board determines at its own discretion how to follow up on the opinions, studies, investigations or reports issued or formulated by the Committees.

3.4 The Supervisory Board also performs the duties expressly allocated to it by law.

3.5 The Supervisory Board may grant one or more of its members special authorization for one or more specific purposes.

Article 4 - Meetings and Proceedings of the Supervisory Board

4.1 Meetings of the Supervisory Board

The Supervisory Board meets as often as required in the interests of the Company and at least once per quarter to hear the report of the Executive Board, further to a notice of meeting issued by its Chairman or Vice-Chairman, at the corporate headquarters or at such other location as may be specified in the notice of meeting. At least one-third of the members of the Supervisory Board may submit a substantiated request to call a Board meeting to the Chairman of the Supervisory Board by certified mail. The Chairman must call a Board meeting on a date that falls no more than 15 days after the date of receipt of the request. If a Board meeting is not called within this time limit, the persons who submitted the request may call a meeting themselves, in which case they must indicate the agenda for the meeting.

Meetings may be called by any means, including verbally.

4.2 Deliberations of the Supervisory Board

The Supervisory Board may only validly transact business if at least half of its members are present.

Any member of the Supervisory Board may be represented at the deliberations of the Supervisory Board by another member of the Supervisory Board. Each member of the Supervisory Board may receive only one proxy.

Except in the cases provided for in Articles 15 (II) and 16 (I) of the Articles of Association concerning the appointment of members of the Executive Board and the appointment and removal of its Chairman or Chief Executive Officers, and in Article 20 (II) of the Articles of Association concerning the creation of Supervisory Board committees, as well as the determination of the composition and duties of said committees, decisions of the Supervisory Board must be taken by a majority of its members present or represented or, where permitted by law, who take part by video-conference or by any other method of telecommunication.

In the event of a tie, the Chairman has a casting vote.

4.3 Use of videoconferencing and other Means of Telecommunication

Members of the Supervisory Board may take part in Board meetings and vote by video-conference or by any other method of telecommunication that complies with applicable laws and regulations. They are not, however, permitted to vote by video-conference in connection with decisions concerning the verification and control of financial statements.

The Chairman shall ensure that videoconferencing or telecommunication methods that meet the criteria below are made available to members of the Supervisory Board who live outside Paris or abroad, as well as to those who find themselves in such locations for a legitimate reason, to enable them to participate in the meetings of the Supervisory Board.

When the meeting place of the Supervisory Board is not the Company's corporate headquarters, the Chairman takes measures so that Board members can participate using the means described above.

For the purposes of calculating the quorum and the majority, shall be deemed present those Board members participating in the meeting by means of video-conference or by any other means of telecommunication that meets the following criteria.

- The selected transmission system must be easy to operate, ensuring that each person who has chosen to use it can participate effectively in the meetings in question ;
- The videoconferencing or telecommunication means used must allow authentication of each member participating in the Board meeting in this way. This authentication may result, for example, in the need for the member in question to use a code that is conveyed to him/her in advance to enable him/her to communicate with other members. If there is doubt about the identity of one of the participants, the Chairman must ensure the true identity of the participant by any means he chooses ;
- The transmission system must enable a continuous sound feed of the meeting proceedings. It must also ensure that each of the persons using these methods is in constant communication with the other members of the Board for the entire duration of the meeting ;
- The videoconferencing or telecommunication means used must possess technical features that guarantee effective and simultaneous participation by all members at the Board meeting. In particular, the transmission system should permit each person attending the meeting to talk with all the other persons present, whether they are participating physically or through such a transmission system.

It is the responsibility of the Chairman to ensure that the above criteria are effectively met.

Furthermore, at the end of each meeting or any discussion on an important subject, the presiding officer shall check that none of the participants using videoconferencing or telecommunications has any additional comments or questions.

Finally, whenever a vote is taken, the presiding officer must specifically ask each person participating in the meeting by videoconferencing or telecommunication if he/she is voting in favor of or against the decision submitted to a vote, or if he/she is abstaining from voting; he/she must ensure that each person has had the material ability to give a response.

The minutes of the Board meeting must give the names of members who participated in the meeting by video-conference or by any other means of telecommunications and, in the latter case, specify the means of telecommunication used. They must also state any technical incident that may have affected the technical solution used if this incident interfered with the proceedings.

Decisions regarding approval of the annual financial statements and the annual report, as well as those regarding approval of the consolidated financial statements and the Group management report may not, under any circumstances, be made via videoconferencing or any other means of telecommunication.

Article 5 - Observers

In accordance with Article 23 of the Articles of Association, at their General Meeting, shareholders may, at their discretion, appoint one or several observers (individuals or legal entities), who may or may not be shareholders.

Observers are appointed for two years. Their duties expire at the close of the Ordinary General Meeting at which shareholders decide on the financial statements for the previous year, held in the year in which the observer's term expires.

Observers are indefinitely eligible for reelection. They may be removed at any time by shareholder decision at a General Meeting.

Observers may receive compensation that is set by shareholders at the General Meeting.

Observers are invited to and participate in all meetings of the Supervisory Board, in an advisory role, under conditions identical to those set forth for the members of the Supervisory Board, but their absence does not affect the validity of business conducted by the Board. They receive the same information and notifications as Board members and are bound by the same obligations of confidentiality and discretion.

The agreements they sign with the company are subject to the same rules as those applicable to agreements with members of the Supervisory Board.

The observers may not be granted any management, monitoring or control duties, as these fall under the exclusive authority of the legal bodies of corporations, for which they may not be a substitute.

Article 6 – Compensation of Members of the Supervisory Board

6.1 Shareholders may, at their General Meeting, allocate to the members of the Supervisory Board a fixed annual sum in the form of attendance fees as compensation for their work. The Supervisory Board shall distribute such compensation among its members as it sees fit.

6.2 In addition, the Supervisory Board may allocate special compensation for tasks or missions entrusted to its members; in this case, this compensation is subject to the procedure for regulated agreements set forth in Article 22 of the Articles of Association and reiterated in Article 7 below.

Article 7 - Regulated Agreements

7.1 Any agreement made between the Company and a member of the Supervisory Board or an observer must be submitted for prior authorization from the Supervisory Board.

The same is true for agreements in which a member of the Supervisory Board has an indirect interest or for which he deals with the company indirectly or through an intermediary.

Agreements made between the Company and a firm are also subject to prior authorization if one of the members of the Supervisory Board or an observer, is an owner, indefinitely responsible partner, manager, director, member of the Supervisory Board or Executive Board or, broadly, a senior manager of this firm.

The foregoing provisions shall not apply to agreements pertaining to current operations negotiated under normal conditions. However, these agreements – except when their object or financial implications make them non-significant for either of the parties – are communicated without delay by the affected Board member to the Chairman of the Supervisory Board. The list and objects of the agreements are then sent by the Chairman to the members of the Supervisory Board and to the Statutory Auditors.

The affected Supervisory Board member is required to notify the Supervisory Board whenever he/she is aware of an agreement subject to authorization. He/she cannot participate in the vote to grant the authorization.

The Chairman of the Supervisory Board notifies the Statutory Auditors of all authorized agreements and submits them for approval to the General Shareholders' Meeting.

7.2 The Statutory Auditors prepare a special report on these agreements to the shareholders at the General Meeting, who then rule on these agreements.

The affected Supervisory Board member cannot participate in the vote and the shares he/she owns are not taken into account to calculate the quorum or the majority.

Article 8 - Inside Information - Share Transactions

Because the company is publicly traded, all members of the Supervisory Board agree to comply with the insider trading rules defined in the French Monetary and Financial Code (*Code Monétaire et Financier*) notably the provisions of Articles L. 465-1 and subsequent, and by the French financial markets regulator ("AMF" for *Autorité des marchés financiers*), notably the provisions of Articles 621-1 to 622-2 of the AMF General Regulations.

Under Article 621-1 of the AMF General Regulations, the following information is considered to be insider information within the Company:

Any specific knowledge:

- That has not been made public at the time that it is used and that relates directly or indirectly to the Company or the Group to which it belongs, to the Company's shares or to any other financial instrument of the Company;
- That, if it were made public, would be likely to have a significant effect on the price of the Company's shares or financial instruments.

Information is considered to be public when it is mentioned in a press release, on the company's website (www.genfit.fr) or when it is published in a document filed with the AMF.

During blackout periods defined as such, no member of the Supervisory Board is authorized to execute transactions involving the Company's securities, regardless of whether he/she has inside information.

Pursuant to Article L. 621-18-2 of the Monetary and Financial Code, Articles 223-22 to 223-26 of the AMF General Regulations and Directive no. 2006-05 of February 3, 2006, on transactions involving the Company's securities conducted by directors or persons listed in Article L. 621-18-2 of the Monetary and Financial Code, directors, persons considered equivalent to directors and people who are closely tied to them (excluding portfolio managers acting on behalf of third parties, legal entities that are company representatives within the group that owns the Company, legal entities that are company representatives acting on behalf of third parties) are required to report any acquisition, disposal, subscription or exchange of securities when the total amount of these transactions during the calendar year exceeds 5,000 Euros.

These persons are on a list that is regularly updated and submitted to the AMF and stakeholders. They shall refrain from all transactions whenever they have knowledge of inside information.

Each of these persons is required to submit their statement, accompanied by a transaction notice, to the AMF within five trading days of the execution of the transaction using the template described in Directive no. 2006-05 referenced above and to submit a copy of this statement to the Company.

The AMF publishes these statements on its website. These statements are also summarized in the annual report at the Annual General Shareholders' Meeting.

Article 9 - Control and Evaluation of Supervisory Board Operations

The members of the Board should pay close attention to how the respective powers and responsibilities of the Company's bodies are distributed and exercised.

Members of the Board must ensure that no one in the company can exercise a discretionary power without control. They must ensure the effective operation of committees established by the Supervisory Board.

On a regular basis, the Board includes an item on its agenda to evaluate itself and discuss its operation and to evaluate and discuss the operation of the Committees it has created which shall, where applicable, have conducted this same exercise.

To this end, based notably on the recommendations of the Appointment and Compensation Committee, the Board:

- Reviews its operating procedures ;
- Evaluates the quality and effectiveness of discussions within the Board ;
- Ascertains whether major issues are adequately prepared and discussed and whether directors are informed and meetings are properly prepared ;
- Assess the actual role of the Board in performing its duties ;
- Examine the reasons underlying any malfunctions identified by the Chairman of the Board, Board members or shareholders.

The Chairman of the Supervisory Board shall inform shareholders of the results of this self-assessment in his/her report on corporate governance and internal control.

II- CODE OF ETHICS FOR MEMBERS OF THE SUPERVISORY BOARD**Article 10 - Administration and Corporate Interest**

Members of the Supervisory Board must act in the corporate interest of the firm when they participate in deliberations and votes of the Supervisory Board. They should, regardless of how they were appointed, consider themselves as representing all shareholders.

Article 11 - Compliance with Laws and Articles of Association

Members of the Supervisory Board must take the full measure of their rights and obligations. In particular, they must be familiar with and abide by legal and regulatory measures that govern their office, as well as the Company rules deriving from the Articles of Association and the Rules of Procedure of the Board.

Article 12 - Independence and Duty of Expression

Supervisory Board members shall remain independent in their judgments, decisions and actions under all circumstances. They reject influence from any outside element that runs counter to the corporate interest they are tasked with promoting.

They alert the Supervisory Board of any elements that come to their attention which they believe may affect the firm's interests.

They have a duty to clearly express their questions and opinions. They try to convince the Supervisory Board of the relevance of their positions. If there is disagreement, they ensure that these positions are explicitly recorded in the minutes of the proceedings

Article 13 - Independence and Conflict of Interest

Supervisory Board members shall try to avoid any conflict that might arise between their moral and material interests and those of the Company. They notify the Supervisory Board of any conflict of interest in which they may be involved, including holding a position in the management bodies of firms in the same business sector. In cases where conflicts of interest cannot be avoided, they refrain from participating in all discussions and decisions about the matters in question.

The Corporate Governance Code for Small and Midcaps issued by Middlednext in December 2009 and adopted by the company when it was accepted for listing on the Euronext regulated market defines the criteria to be considered by the Supervisory Board to qualify a Board member as independent and to avert the risks of conflict of interest between the Board members and the Company. These criteria are as follows:

Is not an employee or officer of the Company or an affiliate of its group and has not been in the last three years;

- Is not a significant customer, supplier or banker of the Company or its group or for whom the Company or its group accounts for a significant share of business ;
- Is not a major shareholder of the company ;
- Does not have close family ties to an officer or major shareholder ;
- Has not served as an auditor of the firm in the last three years.

The Supervisory Board may, however, determine that a member who meets the above criteria cannot be deemed independent because of circumstances specific to this member or to the Company, because of his/her shareholding structure or for any other reason. Similarly, the Board may deem independent a member who does not meet all of the above criteria.

Independent members must account for at least one-third of the members of the Supervisory Board. There must be at least two of them.

All Board members must regularly notify the Company of changes in their personal situation, including any changes to or the emergence of one of the following circumstances:

- Existence and nature of family ties between Board members and the Executive Board or other members of Senior Management ;
- Names of all the companies for which a Board member is or was a member of a governing, management or supervisory body or general partner at any time during the last five years ;
- Conviction for fraud handed down during the past five years at least ;
- Any bankruptcy, receivership or liquidation during the past five years at least ;
- Any official public indictment and/or sanction issued by a statutory or regulatory authority ;
- Ban by a court from (a) acting as a member of an administrative, management, or supervisory body, or (b) from being involved in the management or running of an issuer's business during the last five years at least.

As a reminder, the Company is required to submit a statement about the information mentioned above when preparing its annual financial report and background document and, where applicable, when conducting a financial transaction requiring an AMF stamp on its prospectus. This also applies to preparing the Chairman of the Supervisory Board's report on corporate governance and internal control. Therefore, it is the responsibility of the Supervisory Board members to notify the Company of any information that may be relevant for the purposes of said statements.

In addition, the Supervisory Board reserves the right to ask each Supervisory Board member for periodic information about changes in their activities so as to assess with them, for preventive purposes, the existence of any conflicts of interest.

Article 14 - Fair Dealing, Good Faith and Duty of Confidentiality

Supervisory Board members do not take any initiatives that could harm the Company's interests and act in good faith under all circumstances.

They are personally committed to maintaining the full confidentiality of the information they receive, the discussions in which they take part and the decisions made.

They refrain from using for personal gain or for the benefit of any other person the inside information to which they have access. In particular, when they possess non-public information about the Company for which they serve as a Supervisory Board member, they refrain from using it to conduct or to instruct a third party to conduct any transactions involving that Company's securities.

Article 15 - Professionalism

Supervisory Board members agree to devote the necessary time and attention to their duties.

They participate in meetings of the Supervisory Board with diligence and care.

They attend the General Shareholders' Meetings.

They make an effort to stay up to date on information that is useful to them and try to obtain within reasonable time frames the facts they feel are crucial to informing themselves so they can deliberate within the Supervisory Board with full background knowledge.

Supervisory Board members contribute to the collegiality and effectiveness of the work of the Supervisory Board. They make any recommendation they feel will improve the operating procedures of the Supervisory Board, especially on the occasion of its periodic self-assessments. They accept the assessment of their own actions within the Supervisory Board.

Along with the other members of the Supervisory Board, they ensure that control duties are carried out effectively and unencumbered. In particular, they ensure that the firm has procedures that make it possible to control compliance with the Law, in letter and in spirit.

They ensure that the positions adopted by the Supervisory Board are, without exception, formal decisions which are properly substantiated and transcribed in the minutes of its meetings.

III - ADOPTION OF RULES OF PROCEDURE AND THE CODE OF ETHICS

These rules of procedure were approved by the Supervisory Board at its meeting of September 25, 2007.

They were then updated by decision of the Supervisory Board on April 21, 2015, following the Company's adoption of the Corporate Governance Code for Small and Midcaps issued by Middlednext in December 2009, which followed the listing of the Company's securities on the Euronext regulated market.

They were distributed to each of its members, who affirmed they had read and adhere to them. Each new member is required to adhere to the principles laid down in these rules.

They may be modified at any time by simple resolution of the Supervisory Board.

APPENDIX 2

RULES OF PROCEDURE AND CODE OF ETHICS OF THE AUDIT COMMITTEE

The Audit Committee, pursuant to the right granted to it by the Supervisory Board on June 27, 2006, defining its operating rules and duties, sought to create a set of organizational and operating rules that will apply to it in accordance with laws, regulations and the Articles of Association.

Concurrently, to implement the principles of "corporate governance", the Audit Committee decided to set up rules of conduct that would apply to each of its members.

Therefore, these rules describe, first, the operating arrangements, powers and duties of the Audit Committee and, second, the code of ethical conduct to which Committee members are held.

They are strictly for internal use and are not enforceable on third parties. Their existence shall be made known to the Company's shareholders.

I. COMPOSITION, OPERATIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

Article 1 - Appointment of Members of the Audit Committee

The Committee is composed of at least three members appointed from among members of the Supervisory Board.

The Committee members must be competent in financial or accounting matters.

At least two-thirds of the Committee members must be independent members of the Supervisory Board, as defined in the Middenext Corporate Governance Code for Small and Midcaps. Board members shall be considered as meeting this condition of independence if they have no significant financial, contractual or familial relationship that is likely to impair their independent judgment.

The following criteria are used to substantiate independence :

- Is not an employee or officer of the company or an affiliate of its group and has not been in the last three years ;
- Is not a significant customer, supplier or banker of the company or its group or for whom the company or its group accounts for a significant share of business ;
- Is not a major shareholder of the company ;
- Does not have close family ties to an officer or major shareholder ;
- Has not served as an auditor of the firm in the last three years.

- This independence requirement must be satisfied by each independent member of the Committee for the entire duration of their term of service within it.

Article 2 – Term of Office of Members of the Audit Committee

The term of office of each Committee member coincides with his/her term as a Supervisory Board member. It may be renewed at the same time as the latter.

Committee members can be removed at any time by the Supervisory Board, which does not have to justify its decision.

A Committee member may resign his/her duties without having to justify his/her decision.

Article 3 - Attendance Fees and Reimbursement of Expenses

The Supervisory Board shall proceed freely, based on proposals from the Appointment and Compensation Committee, to distribute the annual amount of attendance fees allocated by the Ordinary Annual Shareholders' Meeting. In this sense, members of the Audit Committee can receive attendance fees.

In addition, Committee members are entitled to reimbursement of expenses incurred to attend Committee meetings, as well as to reimbursement of all other expenses approved in advance by the Chairman of the Supervisory Board.

Article 4 - Chairman of the Audit Committee

The Committee shall elect its Chairman by a majority vote of its members.

The Chairman of the Committee performs the duties described in Articles 5, 7 and 8 of these rules.

Article 5 – Meetings of the Audit Committee

The Committee meets at least three times a year, convened by its Chairman. It may meet at the request of the Chairman of the Supervisory Board or of a Committee member on the basis of a defined agenda. Meetings are called by any means.

At least twice a year, the members of the Audit Committee must meet with the Company's financial officer and external auditors.

Meetings are held at any place specified in the notice of meeting. However, the physical presence of the Audit Committee members is not mandatory and their participation in the meeting and in voting may occur through any suitable means of telecommunication, under the conditions specified in Article 8 below.

The Chairman of the Audit Committee presides over and leads its meetings. If the Chairman is absent, the Committee designates a person to chair the meeting. Unless explicitly stated otherwise in the notice of Committee meeting, the Chairman of the Executive Board attends the Audit Committee meetings and may bring the firm's financial officer to these meetings.

Article 6 - Audit Committee Information

The Company gives the Committee all the resources necessary to fulfill its responsibilities.

Article 7 - Deliberations of the Audit Committee

The Committee may only validly transact business if more than half of its members are present or participate in the meeting via the means of communication stipulated below in Article 8.

Committee decisions are made by a simple majority of its members who are present, participating under the aforementioned conditions or represented.

In the event of a tie, the Chairman does not have a casting vote.

A Committee member may give a proxy to another Committee member to represent him/her.

A Committee member may not hold more than one proxy.

The Audit Committee's decisions are recorded in minutes signed by the Chairman of the session and a member who participated in the vote. The minutes are recorded in a special register, on numbered pages initialed by the Chairman and kept at the corporate headquarters.

At its initiative or at the request of the Chairman of the Supervisory Board, the Audit Committee reports on its work and recommendations to the Supervisory Board and, where applicable, to the Executive Board at the request of its Chairman, provided that these bodies convey them to the General Meeting when its opinions pertain to issues that are the domain of the shareholders.

Article 8 - Meeting Participation by Audit Committee Members via Videoconferencing or Any Other Means of Telecommunication

Shall be deemed present those Committee members participating in the meeting by means of video-conference or by any other means of telecommunication that meets the following criteria.

- The selected transmission system must be easy to operate, ensuring that each person who has chosen to use it can participate effectively in the meetings in question ;

- The videoconferencing or telecommunication means used must allow authentication of each member participating in the session in this way. This authentication may result, for example, in the need for the member in question to use a code that is conveyed to him/her in advance to enable him/her to communicate with other members; If there is doubt about the identity of one of the participants, the Chairman must ensure the true identity of the participant by any means he chooses ;
- The transmission system must enable a continuous sound feed of the meeting proceedings. It must also ensure that each of the persons using these methods is in constant communication with the other members of the Committee for the entire duration of the meeting ;
- The videoconferencing or telecommunication means used must possess technical features that guarantee effective participation by all members at the meeting. In particular, the transmission system should permit each person attending the meeting to talk with all the other persons present, whether they are participating physically or through such a transmission system.

It is the responsibility of the Chairman of the session to ensure that the above criteria are effectively met.

Furthermore, at the end of each meeting or any discussion on an important subject, the presiding officer shall check that none of the participants using videoconferencing or telecommunications has any additional comments or questions.

Finally, whenever a vote is taken, the presiding officer must specifically ask each person participating in the meeting by videoconferencing or telecommunication if he/she is voting in favor of or against the decision submitted to a vote, or if he/she is abstaining from voting; he/she must ensure that each person has had the material ability to give a response.

The minutes of the meeting must give the names of members who participated in the meeting by video-conference or by any other means of telecommunications and, in the latter case, specify the means of telecommunication used. They must also state any technical incident that may have affected the technical solution used if this incident interfered with the proceedings.

Article 9 - Responsibilities of the Audit Committee

The responsibilities of the Audit Committee are to :

- Control the integrity of the financial information provided by the Company, and notably to assess the consistency and relevance of the accounting methods and standards used by the company. This control entails assessing the accuracy, completeness and consistency of the financial information and the continuity of accounting methods. To this end, the Committee conducts a review of the statements submitted by the Executive Board. Following this review, the Committee submits its observations to the Supervisory Board and sends a copy to the Executive Board. In addition, the Committee conducts an accounting and administrative review twice a year ;

- To examine the appropriateness of any changes in accounting methods. The Committee takes particular care in examining the accounting methods used to value unusual transactions or particularly significant transactions ;
- To evaluate, at least twice a year, the quality of the Company's internal control and risk management procedures and, where applicable, to issue a warning if any irregularity or anomaly is detected in the Company's financial statements or control procedures. The Committee assists the Chairman of the Supervisory Board with writing the internal control report ;
- To ensure the independence and objectivity of the Company's statutory auditors. To this end, the Committee examines all the relationships between the statutory auditors and the Company. It makes recommendations on the selection, appointment and re-appointment of the statutory auditors.

The responsibilities of the Audit Committee set forth above shall be extended to any subsidiary of the Company.

II. CODE OF ETHICS FOR MEMBERS OF THE AUDIT COMMITTEE

Article 10 - Compliance with Laws and Regulations

Committee members must take the full measure of their rights and obligations. In particular, they must be familiar with and abide by statutory measures and those contained in the Committee's Rules of Procedure.

They carry out their tasks under the authority of the Supervisory Board, to which they report.

When exercising their powers within the Committee, they take no actions that might infringe on the powers conferred by the law or by the Articles of Association to the Supervisory Board and the Executive Board.

Article 11 - Regard for Corporate Interest

Committee members must, under all circumstances, act in the corporate interest of the firm.

Article 12 - Independence and Duty of Expression

Committee members shall remain independent in their judgments, decisions and actions under all circumstances. They reject influence from any outside element that runs counter to the corporate interest.

They have a duty to clearly express their questions and opinions. They try to convince the Committee of the relevance of their positions. If there is disagreement, they ensure that these positions are explicitly recorded in the minutes of the proceedings.

Article 13 - Independence and Conflict of Interest

Committee members shall try to avoid any conflict that might arise between their moral and material interests and those of the Company. They notify the Committee and the Supervisory Board of any conflict of interest in which they may be involved. In cases where conflicts of interest cannot be avoided, they refrain from participating in all discussions and decisions about the matters in question.

For those Committee members qualified as independent members, they ensure that they meet, for the entire duration of their duties, the independence criteria that justified their appointment to the Committee and which are described in Article 1 of these Rules of Procedure. They agree to promptly give notice of any circumstances that might deprive them in the future of their status as independent member of the Supervisory Board so that the Board is able to make the appropriate arrangements.

Article 14 - Fair Dealing and Good Faith

Committee members do not take any initiatives that could harm the Company's interests and act in good faith under all circumstances.

They refrain from using for personal gain or for the benefit of any other person the inside information to which they have access. In particular, when they possess non-public information about the Company, they refrain from using it to conduct or to instruct a third party to conduct any transactions involving that Company's securities.

Article 15 – Confidentiality

Audit Committee members are bound by an obligation of confidentiality and discretion, for the entire duration of their term and after it ends.

Committee members personally agree to maintain the full confidentiality of discussions in which they participate and of recommendations and opinions submitted to the Supervisory Board or Management Board, depending on the situation.

They refrain from disclosing to anyone, in any way whatsoever, the information given to them by the Company for the purposes of their duties, regardless of the format of the information (written or oral) and regardless of the means by which it is transmitted.

They refrain from disclosing to anyone, in any way whatsoever, any opinion, analysis, compilation or other document prepared on the basis of some or all of this confidential information.

This obligation of confidentiality shall not end upon expiration of the Committee member's term of office, but shall persist for as long as the information in his/her possession retains a confidential nature.

Article 16 – Professionalism

Committee members agree to devote the necessary time and attention to their duties.

They participate in Committee meetings with diligence and care.

They make an effort to stay up to date on information that is useful to them and try to obtain within reasonable time frames the facts they feel are crucial to informing themselves so they can deliberate within the Committee with full background knowledge.

Along with the other members of the Committee, they ensure that the responsibilities entrusted to it are carried out effectively and unencumbered.

They ensure that the positions adopted by the Committee are properly substantiated and transcribed in the minutes of its meetings.

III . ADOPTION OF RULES OF PROCEDURE AND THE CODE OF ETHICS

These Rules of Procedure were approved by the Audit Committee at its meeting on April 5, 2007.

They were then updated by decision of the Audit Committee on April 21, 2015, following the Company's adoption of the Corporate Governance Code for Small and Midcaps issued by Middlesnext in December 2009, which followed the listing of the Company's securities on the Euronext regulated market.

They were distributed to each of its members, who affirmed they had read and adhere to them. Each new Committee member is required to adhere to the principles laid down in these rules.

They may be modified at any time with a simple decision by the Audit Committee.

APPENDIX 3

RULES OF PROCEDURE AND CODE OF ETHICS

FOR THE APPOINTMENT AND COMPENSATION COMMITTEE

The Appointment and Compensation Committee, pursuant to the right granted to it by the Supervisory Board on June 27, 2006, defining its operating rules and duties, sought to create a set of organizational and operating rules that will apply to it in accordance with laws, regulations and the Articles of Association.

Concurrently, to implement the principles of "corporate governance", the Committee decided to set up rules of conduct that would apply to each of its members.

Therefore, these rules describe, first, the operating arrangements, powers and duties of the Appointment and Compensation Committee and, second, the code of ethical conduct to which Committee members are held.

They are strictly for internal use and are not enforceable on third parties. Their existence shall be made known to the Company's shareholders.

I. COMPOSITION, OPERATIONS AND RESPONSIBILITIES OF THE APPOINTMENT AND COMPENSATION COMMITTEE

Article 1 - Appointment of Members

The Committee is composed of at least three members appointed from among members of the Supervisory Board.

The majority of Committee members are independent Supervisory Board members, as defined in the Corporate Governance Code for Small and Midcaps adopted by Middlednext in December 2009. Board members shall be considered as meeting this condition of independence if they have no significant financial, contractual or familial relationship that is likely to impair their independent judgment.

The following criteria are used to substantiate independence:

- Is not an employee or officer of the Company or an affiliate of its group and has not been in the last three years;
- Is not a significant customer, supplier or banker of the company or its group or for whom the company or its group accounts for a significant share of business;
- Is not a major shareholder of the company;
- Does not have close family ties to an officer or major shareholder;
- Has not served as an auditor of the firm in the last three years.

This independence requirement must be satisfied by each independent member of the Committee for the entire duration of their term of service within it.

Article 2 – Term of Office of Members

The term of office of each Committee member coincides with his/her term as a Supervisory Board member. It may be renewed at the same time as the latter.

Committee members can be removed at any time by the Supervisory Board, which does not have to justify its decision.

A Committee member may resign his/her duties without having to justify his/her decision.

Article 3 - Attendance Fees and Reimbursement of Expenses

The Supervisory Board shall proceed freely, based on proposals from the Appointment and Compensation Committee, to distribute the annual amount of attendance fees allocated by the Ordinary Annual Shareholders' Meeting. In this sense, members of the Appointment and Committee can receive attendance fees.

In addition, Committee members are entitled to reimbursement of expenses incurred to attend Committee meetings, as well as to reimbursement of all other expenses approved in advance by the Chairman of the Supervisory Board.

Article 4 - Chairman of the Committee

The Committee shall elect its Chairman by a majority vote of its members.

The Chairman of the Committee performs the duties described in Articles 5, 7 and 8 of these rules.

Article 5 – Committee Meetings

The Committee meets at least three times a year, convened by its Chairman. It may meet at the request of the Chairman of the Supervisory Board or of a Committee member on the basis of a defined agenda. Meetings are called by any means.

Meetings are held at any place specified in the notice of meeting. However, the physical presence of the Committee members is not mandatory and their participation in the meeting and in voting may occur through any suitable means of telecommunication, under the conditions specified in Article 8 below.

The Chairman presides over and leads Committee meetings. If the Chairman is absent, the Committee designates a person to chair the meeting. Unless explicitly stated otherwise in the notice of Committee meeting, the Chairman of the Executive Board attends the Committee meetings and may bring the firm's human resources manager to these meetings.

Article 6 - Committee Information

The Company gives the Committee all the resources necessary to fulfill its responsibilities.

Article 7 - Deliberations of the Committee

The Committee may only validly transact business if more than half of its members are present or participate in the meeting via the means of communication stipulated below in Article 8.

Committee decisions are made by a simple majority of its members who are present, participating under the aforementioned conditions or represented.

In the event of a tie, the Chairman does not have a casting vote.

A Committee member may give a proxy to another Committee member to represent him/her.
A Committee member may not hold more than one proxy.

The Committee's decisions are recorded in minutes signed by the Chairman of the session and a member who participated in the vote.

At its initiative or at the request of the Chairman of the Supervisory Board, the Committee reports on its work and recommendations to the Supervisory Board and, where applicable, to the Executive Board at the request of its Chairman, provided that these bodies convey them to the General Meeting when its opinions pertain to issues that are the domain of the shareholders.

Article 8 - Meeting Participation by Committee Members via Videoconferencing or any other means of telecommunication

Shall be deemed present those Committee members participating in the meeting by means of video-conference or by any other means of telecommunication that meets the following criteria.

- The selected transmission system must be easy to operate, ensuring that each person who has chosen to use it can participate effectively in the meetings in question;
- The videoconferencing or telecommunication means used must allow authentication of each member participating in the session in this way. This authentication may result, for example, in the need for the member in question to use a code that is conveyed to him/her in advance to enable him/her to communicate with other members; If there is doubt about the identity of one of the participants, the Chairman must ensure the true identity of the participant by any means he chooses;
- The transmission system must enable a continuous sound feed of the meeting proceedings. It must also ensure that each of the persons using these methods is in constant communication with the other members of the Committee for the entire duration of the meeting;
- The videoconferencing or telecommunication means used must possess technical features that guarantee effective participation by all members at the meeting. In particular, the transmission system should permit each person attending the meeting to talk with all the other persons present, whether they are participating physically or through such a transmission system.

It is the responsibility of the Chairman of the session to ensure that the above criteria are effectively met.

Furthermore, at the end of each meeting or any discussion on an important subject, the presiding officer shall check that none of the participants using videoconferencing or telecommunications has any additional comments or questions.

Finally, whenever a vote is taken, the presiding officer must specifically ask each person participating in the meeting by videoconferencing or telecommunication if he/she is voting in favor of or against the decision submitted to a vote, or if he/she is abstaining from voting; he/she must ensure that each person has had the material ability to give a response.

The minutes of the meeting must give the names of members who participated in the meeting by video-conference or by any other means of telecommunications and, in the latter case, specify the means of telecommunication used. They must also state any technical incident that may have affected the technical solution used if this incident interfered with the proceedings.

Article 9 - Responsibilities of the Committee

The responsibilities of the Appointment and Compensation Committee are to:

- Ensure the professionalism and objectivity of the processes by which directors and officers are appointed. More specifically, it is in charge of making any proposals concerning the size and desirable composition of the Supervisory Board and the Executive Board in light of the structure and evolution of the Company's shareholders, and in light of the requirements of good corporate governance, particularly with respect to the proportion of independent members on the Supervisory Board. It is tasked with seeking out and assessing potential candidates and the possibility of renewing terms;
- Examine the profile of each member of the Executive Board and Supervisory Board with regard to any of their relations with the Company that may compromise their impartial judgment or lead to potential conflicts of interest with the Company; The Committee should also establish a process for choosing future independent members of the Supervisory Board;
- Make proposals to the Supervisory Board concerning the compensation elements or benefits for directors and company representatives, including attendance fees and salaries, allowances or payments of any kind that they may receive under an employment contract or service contract with the Company, allowances and benefits payable upon termination of their duties or subsequent to it, the assignment of share purchase warrants or stock options or share subscription warrants or the allocation of free shares or any other form of long-term participation in the Company's equity. In this regard, the Committee assesses the scale of compensation offered by the Company compared to practices on the market and makes recommendations on the levels of compensation and the breakdown among its components, as well as changes in compensation that may be offered by the Company to its directors and company representatives;

The responsibilities of the Appointment and Compensation Committee set forth above extend to any topic of a similar nature affecting a subsidiary of the Company and that comes to the Company's attention.

II. CODE OF ETHICS FOR MEMBERS OF THE APPOINTMENT AND COMPENSATION COMMITTEE

Article 10 - Compliance with Laws and Regulations

Committee members must take the full measure of their rights and obligations. In particular, they must be familiar with and abide by statutory measures and those contained in the Committee's Rules of Procedure.

They carry out their tasks under the authority of the Supervisory Board, to which they report.

When exercising their powers within the Committee, they take no actions that might infringe on the powers conferred by the law or by the Articles of Association to the Supervisory Board and the Executive Board.

Article 11 - Regard for Corporate Interest

Committee members must, under all circumstances, act in the corporate interest of the firm.

Article 12 - Independence and Duty of Expression

Committee members shall remain independent in their judgments, decisions and actions under all circumstances. They reject influence from any outside element that runs counter to the corporate interest.

They have a duty to clearly express their questions and opinions. They try to convince the Committee of the relevance of their positions. If there is disagreement, they ensure that these positions are explicitly recorded in the minutes of the proceedings.

Article 13 - Independence and Conflict of Interest

Committee members shall try to avoid any conflict that might arise between their moral and material interests and those of the Company. They notify the Committee and the Supervisory Board of any conflict of interest in which they may be involved. In cases where conflicts of interest cannot be avoided, they refrain from participating in all discussions and decisions about the matters in question.

For those Committee members qualified as independent members, they ensure that they meet, for the entire duration of their duties, the independence criteria that justified their appointment to the Committee and which are described in Article 1 of these Rules of Procedure. They agree to promptly give notice of any circumstances that might deprive them in the future of their status as independent member of the Supervisory Board so that the Board is able to make the appropriate arrangements.

Article 14 - Fair Dealing and Good Faith

Committee members do not take any initiatives that could harm the Company's interests and act in good faith under all circumstances.

They refrain from using for personal gain or for the benefit of any other person the inside information to which they have access. In particular, when they possess non-public information about the Company, they refrain from using it to conduct or to instruct a third party to conduct any transactions involving that Company's securities.

Article 15 - Confidentiality

Committee members are bound by an obligation of confidentiality and discretion, for the entire duration of their term and after it ends.

Committee members personally agree to maintain the full confidentiality of discussions in which they participate and of recommendations and opinions submitted to the Supervisory Board or Management Board, depending on the situation.

They refrain from disclosing to anyone, in any way whatsoever, the information given to them by the Company for the purposes of their duties, regardless of the format of the information (written or oral) and regardless of the means by which it is transmitted.

They refrain from disclosing to anyone, in any way whatsoever, any opinion, analysis, compilation or other document prepared on the basis of some or all of this confidential information.

This obligation of confidentiality shall not end upon expiration of the Committee member's term of office, but shall persist for as long as the information in his/her possession retains a confidential nature.

Article 16 - Professionalism

Committee members agree to devote the necessary time and attention to their duties.

They participate in Committee meetings with diligence and care.

They make an effort to stay up to date on information that is useful to them and try to obtain within reasonable time frames the facts they feel are crucial to informing themselves so they can deliberate within the Committee with full background knowledge.

Along with the other members of the Committee, they ensure that the responsibilities entrusted to it are carried out effectively and unencumbered.

They ensure that the positions adopted by the Committee are properly substantiated and transcribed in the minutes of its meetings.

III. ADOPTION OF RULES OF PROCEDURE AND THE CODE OF ETHICS

These Rules of Procedure were approved by the Appointment and Compensation Committee at its meeting on April 05, 2007.

They were then updated by decision of the Appointment and Compensation Committee on April 21, 2015, following the Company's adoption of the Corporate Governance Code for Small and Midcaps issued by Middlednext in December 2009, which followed the listing of the Company's securities on the Euronext regulated market..

They were distributed to each of its members, who affirmed they had read and adhere to them. Each new Committee member is required to adhere to the principles laid down in these rules.

They may be modified at any time with a simple decision by the Appointment and Compensation Committee.