French société anonyme with an Executive Board and a Supervisory Board, and a share capital of EUR 7,791,609.25
Split up into 31,166,437 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

2016 REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT AND THE MANAGEMENT REPORT

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 April 28, 2017 with the Autorité des marchés financiers (French financial markets regulator, hereinafter the "AMF") under number R.17-034, 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:

- Chapter 9 – "Operating and financial review", Chapter 10 – "Capital resources", the consolidated financial statements published in accordance with IFRS as adopted in the European Union for the year ended December 31, 2015, as well as the report of the statutory auditors presented respectively on pages 66 to 72, 73 to 76, 119 to 156 and 156 to 158 of the Registration Document registered under number R.16-062 on June 29, 2016 ; and
- 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 74-114 and 115-116 of the Annual Financial Report for the year ended December 31, 2014, published on April 3, 2015.

**This Registration Document has been translated in English for information only. In the event of any differences between the French text and the English text, the French language version shall supersede.*

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).

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.

Forward-looking information

This Registration Document contains 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.

Market information

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.

Risk factors

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 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 hereby declare, to the best of my knowledge, that the financial statements have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the assets, financial position and results of the Company and all of the entities within the scope of consolidation, and that the information included in the management report contained and as indicated in the correspondence table provided in section 26.1 in this Document fairly reflects the changes in the Company's turnover, results and financial position and of all of the consolidated entities as well as a description of the principle risks and uncertainties that they are faced with.

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 April 28, 2017
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 DEFENSE 1
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
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 DEFENSE 1
Initial term of office began on:	Ordinary Shareholders' Meeting dated June 26, 2006
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

INSTITUT DE GESTION ET D'EXPERTISE COMPTABLE - IGEC

Represented by:	Mr Vincent Papazian
Address:	3 rue Léon Jost - 75017 Paris
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 Group's consolidated financial statements for the fiscal years ended December 31, 2015 and 2016 prepared in accordance with the IFRS adopted by the European Union, presented in section 20.1 – "Historical consolidated financial information under IFRS" of this Registration Document.

This financial information must be read in tandem with the information contained in Chapter 9 – "Operating and financial review", Chapter 10 – "Capital resources", and Chapter 20 – "Financial information" of this Registration Document

Simplified consolidated statement of operations

Condensed consolidated statements of operations	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Revenues and other income	4 358	6 783
Operating loss	(17 676)	(34 158)
Financial income	542	526
Income tax	(0)	(35)
Net loss	(17 135)	(33 667)

Simplified consolidated statement of financial position

Condensed consolidated statements of financial position	As of	
(in € thousands)	2015/12/31	2016/12/31
Non-current assets	**2 505**	**4 219**
Of which : Intangible assets	563	668
Of which : Property, plant & equipment	1 324	3 010
Of which : Other non-current financial assets	612	541
Current assets	**66 753**	**161 996**
Of which : Current trade & others receivables	5 998	8 394
Of which : Other current assets	585	1 137
Of which : Cash & cash equivalents	60 111	152 277
Total assets	**69 258**	**166 214**
Equity	**55 416**	**142 797**
Of which : Share capital	5 990	7 792
Of which : Share premium	118 038	237 305
Of which : Retained earnings	(51 492)	(68 654)
Of which : Net loss	(17 135)	(33 667)
Non-current liabilities	**5 229**	**5 855**
Of which : Non-current loans & borrowings	4 482	5 004
Of which : Non-current employee benefits	743	849
Current liabilities	**8 613**	**17 562**
Of which : Current loans & borrowings	1 223	1 248
Of which : Current trade & other payables	7 292	16 146
Total liabilities	**69 258**	**166 214**

Simplified consolidated statement of cash flows

Condensed consolidated statements of cash flows	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Cash flows from operating activities	(14 870)	(27 226)
Cash flows from investing activities	3 496	(2 086)
Cash flows from financial activities	(520)	121 480
Net increase / (decrease) in cash & cash equivalents	**(11 894)**	**92 167**

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 (see in particular the Company's risk management framework referred to in section 2.4.2 – "Risk Management System" of Appendix 3 of this Registration Document).

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

4.1.1. Risks related to research and development of new drugs and biomarkers

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 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.

The development of new biomarkers from microRNA is also a long, complex process with multiple stages, expensive and uncertain. In particular, the Company may not have access to the patient cohorts necessary for the development of these new biomarkers. The identification of biomarkers may not lead to a diagnostic which is sufficiently dependable, sensitive and/or replicable for wide-scale use.

The success of development and commercialization of diagnostic tests based on the Company's biomarkers depends on the success in development and commercialization of the Company's drug candidates in the therapeutic areas it targets. In addition, the success in development and valorization of its biomarkers in NASH is directly related to those of the drug candidates in this indication, including the Company's elafibranor drug candidate.

4.1.1.1. 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.

Given these risks, the Company cannot guarantee that clinical trials that are authorized, and in particular the RESOLVE-IT Phase III trial evaluating elafibranor in NASH and the Phase II study of the same drug in PBC, will be completed within the planned timeframes. Moreover, 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 impact on the timeframes for reaching certain stages of the development of the Company's programs as estimated in section 6.1 – "General Presentation" and as a result, an impact on the Company's activity, results, prospects, financial situation and development.

4.1.1.2. 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 or diagnostic 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.

4.1.1.3. Risks related to obtaining marketing authorization or registration required for commercialization of a new product

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.

Receiving an authorization or registration required for the commercialization of new diagnostic product is also uncertain and is subject to strict and changing regulations that vary from country to country where such products are marketed.

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.

4.1.1.4. 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.

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.

4.1.2. Risks inherent in the marketing of new products

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 or authorization/registration 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 product'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 product's usefulness are very influential ;
- the cost of treatment ;
- an unsuitable reimbursement policy.

A competitor could launch a drug or diagnostic product 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.

4.1.3. Risks related to potential changes in drug or diagnostic product reimbursement conditions

The Company's drug or biomarker candidates' commercial potential depends heavily on the conditions for its reimbursement.

The successful marketing of a drug or diagnostic product 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 healthcare, 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 or diagnostic product's sales performance.

The ability of the Company and/or its potential partners to obtain an acceptable reimbursement rate for its drugs from public health bodies, private payors and other bodies, will be determined in the coming years, in particular at the end of development of elafibranor in NASH, the Company's most advanced drug candidate.

Since no drug has yet been commercialized in NASH, the Company is currently working on the conditions for market access and pricing, but cannot predict the conditions of its future reimbursement.

Since no drugs are marketed in this indication, the Company cannot predict the conditions for its potential future reimbursement. However, the Company has begun internal work on market access and pricing conditions, but as of the date of this Registration Document, no discussions have been initiated with the organizations concerned since negotiations with the payers are traditionally based on the results (intermediate, or otherwise) of Phase 3 clinical trials, which are not expected to be available for elafibranor in NASH before the third quarter of 2019.

All of these factors will have an impact on the Company and/or its potential partners to generate profits from the products concerned.

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

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

4.1.4.1. 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 or diagnostic groups for its drug candidates and biomarker candidates.

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 pharmaceutical 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 ; in particular with respect to development of drug combinations or repurposing in a new indication drugs which are already on the market;
- 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.

4.1.4.2. Risks related to the signature of new collaborative research agreements

In terms of alliances on behalf of third parties, at its founding, the Company 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 Sanofi and Servier determined 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 received revenues that, for a time, make up the bulk of the Company's turnover.

In August 2016, Servier notified the Company of its decision to stop development of the molecules developed in its co-research from with GENFIT.

With respect to Sanofi, the final co-research phase, entitled SAN/GFT2, ended in May 2015. At the date of this Registration Document, the results from this co-research phase are under evaluation by both parties. In this context, and even though the Company remains eligible for potential milestone payments under contract (see Chapter 22 – "Material Contracts"), the Company believes, in the meantime, and pending the decision of its partner, that the possibility to receive further milestones as well as to sign a new agreement extending this collaboration with Sanofi are relatively unlikely.

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 generated 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, the Company may not be able to sign new consortia agreements of this type.

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.

4.1.5. Risks related to the subcontracting of certain activities

The Company depends on third parties and subcontractors to carry out its clinical trials and certain preclinical trials on its drug candidates or in which are evaluated its biomarkers.

In particular, the Company subcontracts to third parties (CROs - Contract Research Organizations) the design and conducting of its clinical tests, in particular the Phase III RESOLVE-IT trial of elafibranor in NASH and the Phase II trial evaluating this same candidate in PBC.

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 the design of 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 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).

For example, regarding the drug candidate elafibranor, the Company uses, at the date of this Registration Document, a sole manufacturer for the active ingredient and another sole manufacturer for the therapeutic units used in its clinical trials.

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.

If a third party breaches its obligations, the manufacturing contracts be cancelled or the Company fail to renew the contracts, the Company could use a substitute company in the event of failure or breach of a manufacturer but 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.

Nevertheless, on this point, the Company has carried out an evaluation of the elafibranor manufacturing delays and costs in the event of a disaster at the supplier of the active ingredient or at the manufacturer of therapeutic units. As a result, as of the date of this Reference Document, the Company believes that given the current inventory and drugs in production at various levels of the production chain, the short-term failure of one of these suppliers would not be critical. However, it would not be the case, at the date of this Reference Document, in the event of simultaneous failure of the storage sites of the therapeutic units used for the RESOLVE-IT study.

Although the Company has considered the risks of default of its subcontractor or end of contractual relations, and has implemented certain contingent measures and has others under review (in particular, review of organization of manufacturer and storage at additional sites and implementation of additional sources), any default by its subcontractors could result in a delay in or continuation of the clinical trials, impact the quality of the data, and therefore a delay in the commercialization of the products that it is developing.

4.1.6. 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 radio elements, 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.

4.1.7. 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 Mégnien, 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 met the Company's recruitment needs. In addition, in order to attract new talents and retain its personnel, the Company put in place, at the end of 2016, stock option and free share plans, with all employees eligible for the latter. 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.

4.1.8. 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 or identify the same patient population as the Company. In particular, the NASH market has been attracting increasing interest from larger pharmaceutical companies over recent years, with an increasing number of transactions, whether mergers or licensing agreements, with smaller biotech companies. As a result, the NASH market now includes big pharmaceutical laboratories such as Allergan (following the Tobira acquisition), Gilead Science and Novartis (via Conatus), and biotechnology companies like Genfit, Intercept Pharmaceuticals or Galmed Pharmaceuticals, which have been developing drug candidates specifically in this indication for many years. (see in particular section 6.6.5 – "Market and competition for elafibranor").

Although the Company is pleased with the interest the NASH market has generated, this situation nevertheless creates congestion in enrolling patients that could lead to delays in the Phase III RESOLVE-IT calendar. In addition, some of these competitors have greater resources or experience in clinical development, management, manufacturing, marketing and research than the Company.

If competing 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

4.2.1. 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 ill 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 courts may not hold in the Company's favor.

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. However, at the date of this Registration Document, there is no litigation of this type.

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.

4.2.2. Risks 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.

4.2.3. 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.

4.2.4. Risks related to the use of the Company's trademarks by third parties

The Company's trademarks are key components 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.

4.2.5. Risks related to the Company's product liability

Given that the Company develops therapeutic products and diagnostic-targeted products intended to be tested and/or evaluated 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 therapeutic products and diagnostic-targeted 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

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

4.3.1.1. Risks related to the Company's financing capacity

Despite having consistently generated a net profit since its founding in 2006, GENFIT reports a net loss resulting mainly from the increase in its research and development expenses related to its clinical and preclinical trials for its proprietary drug and biomarker candidates.

The continuing development of the Company's programs, in particular the most advanced, requires increasing financial investments, and the Company expects a significant increase in its operating expenses over the next several years.

For example, if the plans and pace of development of the programs mentioned in the chart shown in section 6.1 – "General Presentation" of this Registration Document are in line with the Company's forecasts and estimates as of the date of this Registration Document, the Company's current cash should allow it to continue to fund those programs until Q4 2018 - Q1 2019 (on the uncertainty of these forecasts and estimates, see in particular sections 4.1 – "Risks related to the company's business" and 4.2 – "Legal risks" of this Registration Document).

In this context, the Company's ability to raise funds to ensure or generate sufficient revenues from potential partnerships for the ongoing development and/or commercialization of its drug candidates or biomarker candidates is of utmost importance.

Furthermore, the Company may require 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 the development of combination therapies;
- 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 funding, its business, results and development could be affected, and it could be forced to delay or discontinue the development and therefore the 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.

4.3.1.2. Liquidity risk

The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities, including the undertakings described in section 5.2.3 – "Principal Planned Future Investments" of this Registration

Document. As of March 31, 2017, the Group had €137,031 thousand in cash and cash equivalents. In light of this amount, at March 31, 2017, the Company does not believe in the short term that is has liquidity risk. In particular, 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.

Above and beyond this timeframe, if the plans and pace of development of the programs mentioned in the chart shown in section 6.1 – "General Presentation" of this Registration Document are in line with the Company's forecasts and estimates as of the date of this Registration Document, the Company's current cash should allow it to continue to fund those programs until Q4 2018 - Q1 2019 (on the uncertainty of these forecasts and estimates, see in particular sections 4.1 – "Risks related to the company's business" and 4.2 – "Legal risks" of this Registration Document).

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 revenues from potential partnerships of its programs, capital increases (which could be dilutive to shareholders) or bank financing, although the latter would undermine the Company's financial structure.

Finally, in the case of a new financial crisis, access to funding sources may be reduced, or even impossible.

The Group's net cash as of December 31, 2015 amounted to €146,024k.

The table below shows the breakdown of the Group's net debt by maturity as of December 31, 2016:

Maturity of financial liabilities

Conditional advances are made up entirely of public financing from BPI France to finance defined research programs and are intended to help in financing the Company's research programs. The elements related to these conditional advances are detailed in the following table:

Maturity of financial liabilities (in € thousands)	As of 2016/12/31	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	More than 5 years
BPI FRANCE - IT-DIAB	3 229	0	0	0	0	3 229	0
BPI FRANCE - AVANCE N°1 - OLNORME II - 1	114	64	50	0	0	0	0
BPI FRANCE - AVANCE N°2 - OLNORME II - 2	114	64	50	0	0	0	0
BPI FRANCE - AVANCE N°3 - OLNORME II - 3	91	51	40	0	0	0	0
TOTAL - Refundable & conditional advances	**3 549**	**180**	**140**	**0**	**0**	**3 229**	**0**
Bank loans	1 941	614	595	420	202	110	0
Development loans with participation feature	345	345	0	0	0	0	0
Obligations under finance leases and hire purchase contracts	387	79	79	80	80	68	0
Accrued interests	7	7	0	0	0	0	0
Other financial loans and borrowings	24	24	0	0	0	0	0
TOTAL - Other loans & borrowings	**2 704**	**1 069**	**675**	**500**	**282**	**178**	**0**
TOTAL	**6 252**	**1 248**	**814**	**500**	**282**	**3 407**	**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 a guaranteed capital return. These investments can be monetized at any time.

Cash & cash equivalents	As of	
(in € thousands)	2015/12/31	2016/12/31
Short-term deposits	59 683	150 438
Cash & bank accounts	428	1 839
TOTAL	**60 111**	**152 277**

Short-term deposits	As of	
(in € thousands)	2015/12/31	2016/12/31
UCITS	4 541	57 130
TERM ACCOUNTS	53 987	75 937
NEGOTIABLE MEDIUM TERM NOTES	1 050	14 250
INTEREST BEARING CURRENT ACCOUNT	105	3 120
TOTAL	**59 683**	**150 438**

The breakdown of the Group's financial liabilities as of December 31, 2016 is presented below:

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

Loans & borrowings - Total	As of	
(in € thousands)	2015/12/31	2016/12/31
Refundable & conditional advances	3 998	3 549
Bank loans	988	1 941
Development loans with participation feature	690	345
Obligations under finance leases and hire purchase contracts	0	387
Accrued interests	5	7
Other financial loans and borrowings	24	24
TOTAL	**5 705**	**6 252**

Loans & borrowings - Current	As of	
(in € thousands)	2015/12/31	2016/12/31
Refundable & conditional advances	360	180
Bank loans	374	614
Development loans with participation feature	460	345
Obligations under finance leases and hire purchase contracts	0	79
Accrued interests	5	7
Other financial loans and borrowings	24	24
TOTAL	**1 223**	**1 248**

Loans & borrowings - Non current	As of	
(in € thousands)	2015/12/31	2016/12/31
Refundable & conditional advances	3 638	3 369
Bank loans	614	1 327
Development loans with participation feature	230	0
Obligations under finance leases and hire purchase contracts	0	307
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	**4 482**	**5 004**

Bank loans (see note 6.12.1.2 – "Bank loans" to the consolidated financial statements for the year ended December 31, 2016 in Appendix 1 of this Registration Document)

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.

In addition, during 2016, the Company received the following bank undertakings to fund its investment program for scientific and office equipment:

- In April, Crédit du Nord granted the Company a €0.5 million loan, repayable over 5 years;
- In June, Banque Neuflize OBC granted the Company a €0.5 million loan, repayable over 3 years;
- Finally, at the end of June, BNP Paribas granted the Company a €0.5 million loan, repayable over 3 years;

- In October, BNP Paribas granted the Company €1.05 million loan, repayable over 5 years, on which the Company expects to draw down in the first half 2017;
- In December, CIC granted the Company a €0.265 million loan, repayable over 5 years, which the Company drew down in January 2017.

Lastly, in April 2017, BNP Paribas granted a new loan to the Company for an amount of €800 thousand.

Financial lease agreements

At December 31, 2016, the financial lease agreements entered into during the preceding years reached their term.

During 2016, CM-CIC Bail and the Company entered into a master leasing agreement with a purchase option for scientific equipment for a maximum amount of €2 million. An amendment to this agreement in January 2017 modified that amount to €1.659 million and is valid until June 30, 2017. The difference from the initial amount of the agreement was granted as a loan (see above). Furthermore, during 2016, NatioCreditMur (BNP Paribas) and the Company entered into a master leasing agreement in an amount of €1.050 million which term was extended by amendments to June 30, 2017.

See also section 5.2.2 – "Principal Ongoing Investments" of this Registration Document.

4.3.2. 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 end of the relevant fiscal year. Regarding the Research Tax Credit recognized for 2016 and future years, it is possible that the tax authorities could call into question the accelerated reimbursement allows to the Small and Medium Size Companies, 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 an audit of fiscal years ended December 31 2011, 2012 and 2013, as well as on Research Tax Credit for 2010, the Company received a payment request concerning the Research Tax Credit for 2010, 2011 and 2012, which it contests, providing for a potential payment of €1,479k, resulting from a change in the calculation methods used 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.

It is therefore possible that the CIR tax audit may lead to the questioning of the CIR for the years audited and for subsequent fiscal years and potential penalties and therefore as a result, could have an adverse effect on the Company's results, financial situation and prospects of the Company and Group. See also section 20.9 – "Legal and Arbitration Proceedings" of this Registration Document as well as note 6.24 – "Litigation and Contingent Liabilities" to the consolidated financial statements for the year ended December 31, 2016 presented in Appendix 1 of this Registration Document.

4.3.3. Others risks

4.3.3.1. Exchange rate risk

As of the date of this Registration Document, the Company's exposure to exchange rate risk is moderate because more than the majority of all of its operations are denominated in euros, except those realized in US dollars by Genfit Corp. As such, $4,622k were purchased in 2016 in view of intragroup flows with Genfit Corp of $3,050k (see section 7.2 – "Main intragroup flows" hereafter regarding intragroup flows).

In the future and in particular, in relation to its clinical trials, the Company will be required to enter into additional contracts denominated in other foreign currencies or indirectly exposed to exchange rate risk, which will increase its overall exposure to this risk.

An increase in the overall exposure of the Company to this risk will depend 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 ;
- the ability, for counterparties, to indirectly transfer exchange rate risk to the Company; and
- its hedging policy.

At present, the Company has put in place several specific hedging arrangements (purchase of US dollars, UCITS and term accounts in US dollars). If its currency exposure were to change, the Company would put in place additional hedging instruments.

The following table shows the sensitivity of the Company's expenses in US dollars to a variation of 10% of the US dollar during the course of 2016:

Sensitivity of the Company's expenses to a variation of +/- 10% of US dollar during the course of 2016

(in thousands of USD or euros)	12/31/2016
Expenses denominated in US dollars	4 622
Equivalent in euros on the basis of a 1 EUR=1.0653 USD ratio	4 339
Equivalent in euros in the even of an increase of 10 % USD vs EUR	4 821
Equivalent in euros in the event of a decrease of 10 % USD vs EUR	3 944

For 2016, the net impact of the operational exchange rate risk amounted to a foreign exchange gain of €100 thousand, although this gain does not predict the future impact of exchange rate risk.

4.3.3.2. 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.

4.3.3.3. Interest rate risk

As of December 31, 2016, the Group's financial liabilities totaled €6,252k of which one variable-rate loan contracted with Banque Neuflize at a rate of the 3 month EURIBOR + 2.5% on which the principal owed at December 31, 2016 totaled € 25k. 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.

4.3.3.4. 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 stock markets 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, such as ours, have been highly volatile and may continue to be highly volatile in the future. For example, our stock price on the regulated market of Euronext Paris increased between January 2, 2017 to April 3, 2017 from €21.56 to €32.90, i.e., an increase of 52.6%.

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

4.3.3.5. 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. At the end of 2016, the Company put in place several stock option and free share plans. As of the date of this Registration Document, the Company therefore has stock option, free share, BSA and BSAAR plans outstanding. In the future, the Company could grant or issue new capital instruments or securities providing access to its share capital as set out in the 24th (BSA), 25th (stock options) and 26th (free shares) resolutions of the extraordinary shareholders' meeting on June 21, 2016.

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 301,463 new shares, representing approximately 0.99 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. See also section 4.3.1.2 – "Liquidity risk" regarding other dilution risk associated with the Company's funding needs.

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:

Policy	Insurer	Risks covered	Coverage amounts (in €)	Expiration
Directors and officers insurance Policy 0007904132/0000 amendment 7	AIG	Loss arising out of any claim against an officer or director or in the defense of an officer or director	15,000,000	Tacit renewal
Freight transport	Albinga	Overall maximum per shipment	1,500,000	Tacit renewal
		Damage to entrusted property/claim	100,000	
		Own account transport/claim	50,000	
Property and casualty insurance Insurance covering all risks except 013021171	Allianz IARD	Damages to property/contents	9,261,387	Tacit renewal
		Theft	250,000	
		Broken glass	50,000	
		Broken machines	2,500,000	
		Operating losses	12,000,000	
Personal accident insurance Policy 012 513 003	Allianz IARD	Per event	15,000,000	Tacit renewal
		Accidental death	100,000	
Operating and product liability Policy DB 0000600919	CHUBB	Operating liability (before delivery)	7,622,451	Tacit renewal
		Product (after delivery)	2,300,000	

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

The total expenses booked by the Group for all insurance policies were respectively €187k, €107k and € 136k for the fiscal years ended on December 31, 2016, 2015 and 2014.

4.5. LEGAL AND ARBITRATION PROCEEDINGS

See section 20.9 – "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 :	+33.3 20.16 40.00
Fax :	+33.3 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 is a French biopharmaceutical group 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 and transferred to the regulated market of Euronext Paris in 2014.

The Company mainly conducts its R&D activities within the framework of proprietary research programs. 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, gastroenterology. The Company's approach combines new treatments with biomarkers. Elafibranor, the Company's most advanced proprietary compound, is currently undergoing Phase III clinical trial in NASH.

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:

2014	• The FDA grants "Fast Track" designation to the GFT505 development program in NASH. • New milestone received with respect to 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	• Results of a cardiac safety clinical study for GFT505 are obtained, demonstrating that GFT505 (elafibranor) 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 (elafibranor) 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 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 in 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. • Launch of a large-scale validation and qualification program for a non-invasive NASH diagnostic tool developed through GENFIT's BMGFT03 program, with a first collaboration agreement signed with Antwerp University Hospital (Belgium). Under the terms of the agreement, GENFIT has access to a new cohort of obese patients with associated liver biopsies and blood samples. First analyses have confirmed the predictive value of miRNAs previously identified by GENFIT as biomarkers of NASH. Discovery of several new highly predictive miRNAs. • Identification of new RORγt inverse antagonists as candidates ready for regulatory pre-IND (Investigational New Drug) studies within the TGFTX1 program. These candidates are highly potent and selective against other members of the ROR nuclear receptor family, and interfere with IL-17 production in human blood leukocytes. • Authorization of the FDA to launch a Phase II clinical trial of elafibranor in a new indication – Primary Biliary Cholangitis (PBC), a rare disease with unmet need and only two orphan designated drugs approved to date. • Capital raise in October/November of a total amount of approximately €78.5 million in a private placement (€33.9 million) to specialized investors in pharmaceutical/biotech sector followed by a rights issue (€44.6 million). • Signature of an agreement between GENFIT and Pinnacle Research Center (San Antonio, TX, USA) supporting the launch of the NASH Registry Project, a database to prospectively follow patients in order to collect information on the co-morbidities historically linked with NAFLD/NASH, to which GENIT has access to blinded patient data. • Initiation of the first juvenile toxicity studies of the Pediatric Investigation Plan (PIP) of elafibranor in NASH, following the favorable opinion of the European Medicines Agency (EMA). • Launch of The NASH Education Program™, endowment fund created at GENFIT's initiative dedicated to the development and funding of disease awareness activities targeting the medical field and general public.

2017	• Presentation at The International Liver Congress organized by EASL of the repurposing program of nitazoxanide (NTZ), currently prescribed as an anti-parasitic, in the treatment of different fibrotic diseases, including liver fibrosis. • Update of the patient enrollment calendar for the RESOLVE-IT Phase III trial.

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	As of		
(in € thousands)	2014/12/31	2015/12/31	2016/12/31
Intangible assets	68	725	508
Property, plant & equipment	653	390	1 923
Financial assets	4 300	16	0
Total	**5 022**	**1 131**	**2 431**

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.

The investment amounts included in the table above for the 2016 fiscal year include the investments financed by finance lease (€395 thousand) although those amounts are not included in the capital acquisitions in the cash flow table (see section 10.2 – "Source, amount, and description of the group's cash flow" 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 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 Fran were not significant.

2016 Fiscal Year

Intangible assets mainly consist of software license acquisitions. Property, plant and equipment mainly correspond to scientific equipment in the amount of €1,145 thousand, office and IT equipment in the amount of €434 thousand and layout and installation in the amount of €107 thousand.

Scientific equipment acquired in the context of the RESOLVE-IT Phase III study in elafibranor is set-up in certain medical centers involved in the clinical study located all over the globe.

5.2.2. Principal Ongoing Investments

Ongoing investments at the date of this Registration Document relate to scientific equipment designated for successful execution of the Phase III trial in elafibranor and for putting in place an electronic document management system.

5.2.3. Principal Planned Future Investments

Investments in scientific equipment designated for the successful execution of the Phase III trial in elafibranor for which the Company has already made firm commitments amount to €2,270 thousand at the date of this Registration Document. Other scientific investments for which the Company has already made firm commitments amount to €548 thousand at the date of this Registration Document.

The Company expects the rhythm of investment in this type of equipment in 2017 will be significantly greater than that booked for the previous year. The Company expects to finance these investments over the next 12 months in large part by the remainder of two finance leases with purchase options (see below), by loans granted at the end of 2016 (see for more information section 10.1 – "Information on the group's equity, cash, and sources of financing") and for the remainder, its available cash or new loans.

As such, BNP Paribas has already granted the Company a new loan for an amount of €800 thousand on April 14, 2017.

Finance leases: during the course of 2016, CM-CICI Bail and the Company entered into a master agreement for leases with purchase options for scientific equipment for a maximum amount of €1,659 thousand, valid until June 30, 2017. Moreover, during the same 2016 fiscal year, NatioCreditMur (BNP Paribas) and the Company entered into a master lease agreement for €1,050 thousand, which was extended by amendments to June 30, 2017.

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

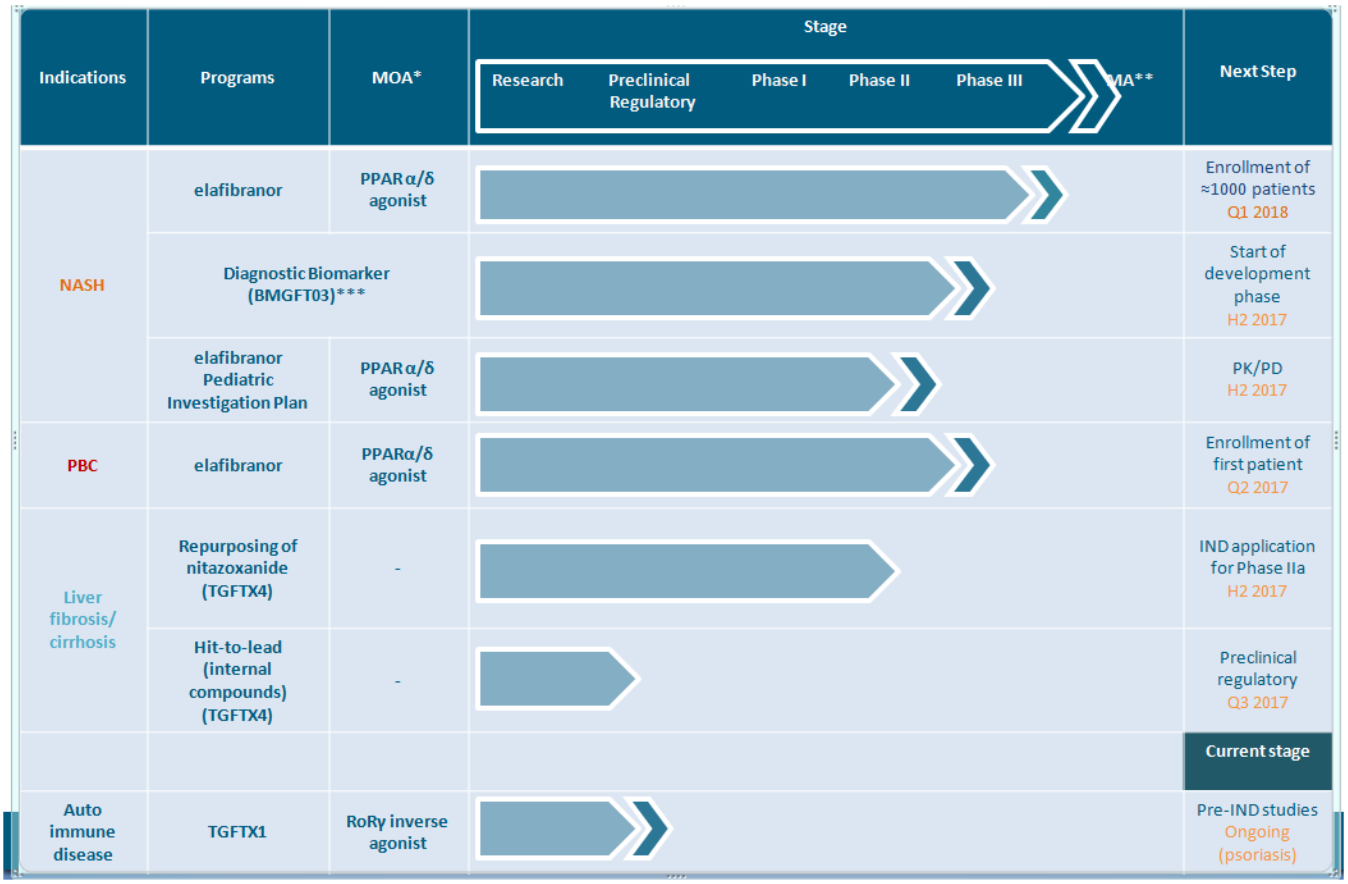
Created in 1999, Genfit is a biopharmaceutical group dedicated to the discovery and development of drugs in therapeutic areas with strong unmet medical needs due to the lack of efficient treatments and the increase in the number of patients worldwide. Genfit concentrates its research and development to participate in bringing to market innovative treatments (drug candidates) and diagnostic solutions (biomarker candidates) in the area of metabolic, inflammatory, autoimmune and fibrotic diseases, in particular liver diseases (such as non alcoholic steatohepatitis or NASH) and more generally in hepato-gastroenterology. Based in Lille, Paris and Cambridge (USA), the Group employs about 120 collaborators.

The Company's drug candidate research and development activity 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).

In order to meet all the medical needs required for individual patient management by physicians, the Company's R&D strategy also includes diagnostic programs aimed at identifying new biomarkers for some of these diseases, to optimize their diagnostic capacity with innovative algorithms, and to develop, register and market new in vitro diagnostic (IVD) tests/kits.

At the end of 2016 and the beginning of 2017, the Company has chosen to guide and strengthen its portfolio of compounds under development and research programs in its main therapeutic areas of interest, from the elafibranor program (NASH, PBC), biomarker programs (BMGFT03), its developments in fibrosis (TGFTX4) and in autoimmune diseases (TGFTX1), and to suspend its investments in the TGFTX3 and TGFTX5 programs, which are less advanced and less directly associated with its specialty strategy. For more information on the Company's strategy, see section 6.3 – "Strategy" below.

Genfit's pipeline at the date of this Registration Document can be summarized as follows:



* Mechanism of action
** Marketing Authorization
*** BMGFT03: See also section 6.7.1 – "BMGFT03: Biomarkers and in vitro diagnostic (IVD) tests in NASH" of this Registration Document

More precisely, the pipeline includes:

- Elafibranor program. 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 in a first cohort of approximately 1,000 patients, which the Company anticipates recruiting by the first quarter 2018, and meeting the timelines estimated by the Company for its completion (the intermediary results should be available during the third quarter 2019) and the authorization of the regulatory agencies (see section 4.1.1.1 – "Risks related to clinical trials" on the uncertain nature of these parameters), a conditional marketing authorization could be obtained for elafibranor in NASH during 2020 (see section 6.6.3 – "A development plan agreed with agencies (Fast track)" of this Registration Document). The Company also obtained FDA approval to initiate a Phase II clinical trial with elafibranor in PBC (Primary Biliary Cholangitis) (see section 6.6.4 – "Elafibranor in PBC development plan" of this Registration Document) and a positive opinion of the EMA on its Pediatric Investigation Plan (PIP) in NAFLD/NASH. The Company has therefore initiated the early juvenile toxicology studies of the elafibranor PIP (see section 6.6.3 – "A development plan agreed with agencies (Fast track)" of this Registration Document) and anticipates the recruitment of the first patient of the elafibranor Phase II trial in PBC in the second quarter 2017 (see section 6.6.4 – "Elafibranor in PBC development plan" of this Registration Document). The development of elafibranor in a sub-population of NASH patients with an F4 fibrosis score is also under consideration. In addition, combination therapy combining elafibranor in NASH with molecules from other Company programs, molecules already marketed in other indications, or certain molecules currently being developed in NASH are also under evaluation ;

- Several research programs on the identification and validation of new biomarkers for the detection and management of the NASH patient (BMGFT03) and co-morbidities associated with NASH. In particular, the BMGFT03 program demonstrated the interest of miRNAs as new circulating biomarkers in identifying, without biopsy, NASH patients who should be treated with elafibranor or another drug treatment (See section 6.5.2 – "Research and validation of new diagnostic biomarkers" and 6.7.1 – "BMGFT03: Biomarkers and in vitro diagnostic (IVD) tests in NASH" of this Registration Document). In this perspective, the RESOLVE-IT Phase III trial will be an essential part of the clinical validation required for FDA (US) authorization and CE marking of these new IVD tools. In the second half 2017, the Company will enter the development phase of the new IVD tools dedicated to the dosing of these miRNAs (see section 6.7.1 –"BMGFT03: Biomarkers and in vitro diagnostic (IVD) tests in NASH" for further details regarding the specific development plan, as contemplated by the Company at the date of this Registration Document);

- 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 and in vivo tests, (see section 6.7.2 – "TGFTX4: a research program of drug candidates for fibrotic diseases" of this Registration Document) of which nitazoxanide, which has come from the pharmacopeia and currently prescribed as an anti-parisitic, that the Company wishes to evaluate for its potential to be repurposed in the treatment of various fibrotic diseases including liver fibrosis. The Company expects an IND application for a Phase II proof of concept study of nitazoxanide in NASH with advanced fibrosis to be made during the second half 2017. Other compounds should be ready to begin pre-clinical development at the end of the first half 2017;

- The TGFTX1 program, to discover innovative drug candidates targeting RORγt, a nuclear receptor involved in certain inflammatory and autoimmune diseases. Within this program, the Company has developed proprietary molecules that effectively inhibit RORγt 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 autoimmune diseases. The Company has in particular launched pre-IND studies for a topical treatment of mild to intermediate psoriasis. A research program was also launched to validate the therapeutic benefit of proprietary RORγt inverse agonists in other auto-immune diseases (see section 6.7.3 – "TGFTX1 and RORγt: a research program of drug-candidates for certain inflammatory and auto-immune diseases" of this Registration Document).

6.2. KEY STRENGHTS

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 founding, stemming from the combination 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 Hauts-de-France 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 had been able to enter into, since its founding and during the first years of its existence, of co-research alliances with leading global pharmaceutical companies (Sanofi, Solvay, Servier, UCB…). The revenues from such alliances were reinvested, for the most part, in the Company's own R&D programs.

Although at the date of this Registration Document, the Company is no longer developing active co-research activities with these global groups, some of these alliances had been recently renewed.

In particular, the Company finished the last co-research phase of the SAN/GFT2 program between its teams and Sanofi in May 2015.

As of the date of this Registration Document, the results of this co-research phase are awaiting evaluation by the two parties. In this context and although the Company remains contractually eligible for additional milestone payments and royalties, it believes that the probability to receive such payments as well as to enter into a new contract extending this collaboration with Sanofi are relatively low (see chapter 22 – "Material Contracts" of this Registration Document).

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 – "Strategic Therapeutic Areas" of this Registration Document).
- 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 6.5.1 – "Expertise on nuclear receptors as targets" of this Registration Document).
- Technical expertise of the R&D process of new drug candidates from discovery up to marketing authorization (see Section 6.5.3 – "Preclinical and clinical expertise in its therapeutic areas" of this Registration Document).
- An expertise in R&D processes for new diagnostic methods, identification of new biomarker candidates to registration (US) or CE marking (Europe) of new medical devices (in vitro diagnostic tests or "IVD") (see section 6.5.2 – "Research and validation of new diagnostic biomarkers" of this Registration Document).

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

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 and validation of new therapeutic targets dedicated to:

- Establishing banks of human biological samples
- Transcriptomics analyses (differential gene expression analysis) in diseased vs healthy tissue
- Validation of therapeutic targets in animal models

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 animal experimentation platform (in vivo pharmacology) 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 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)
- Study of Absorption, Distribution, Metabolism, Elimination (ADME) criteria of the active ingredient

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)
- Observational clinical studies for the research and validation of new diagnostic biomarkers

A clinical biochemical platform dedicated to

- Measurement of markers of efficacy and safety in biological samples.

A platform for the identification and validation of new diagnostic biomarkers dedicated to:

- Creation and management of a bank of blood samples (serum and plasma) from the Company's clinical studies or collaborations with expert clinical centers;
- The dosages of proteins or peptides of interest for the diagnosis of the targeted diseases;
- The dosages of circulating miRNA's levels in blood samples of healthy and ill subjects.

A development team for new diagnostic tests dedicated to:

- Optimization of techniques and methods of doses of miRNAs;
- Elaboration and qualification of miRNA dosage kits.

A bioinformatics and biostatistics platform dedicated to:

- Statistical analyzes of clinical studies conducted by the Company;
- The identification of new therapeutic targets through the analysis of differential gene expressions in healthy and diseased tissues;
- The identification and validation of new diagnostic biomarkers;
- The development and validation of new diagnostic algorithms combining several clinical and/or biochemical variables;
- The clinical validation of dosage kits.

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 methods and technologies, in particular those relating to diagnostics.

The Company thus has a portfolio of 424 patents and patent applications (of which 330 are issued or pending), grouped into 33 families, each corresponding to a specific invention. These patents and patent applications broadly seek to 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, 330 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 Chapter 11 – "Research and development, patents and licenses, trademarks, and domain names".

6.2.5. A compatible Quality system

GENFIT's R&D Quality system, based on ISO 9001 standards, is adapted to each of the Company's activities and allows for an efficient execution of projects all the while complying with regulatory requirements.

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 gastroenterological diseases with largely unmet medical needs.

This strategy will be based on both the maturation of the Company's programs and products pipeline, while maintaining a focus on liver diseases, particularly metabolic liver diseases and gastroenterological diseases, and, in certain cases, on the creation of partnerships with key players of the biopharmaceutical industry with the financial capacity and/or specific expertise to successfully conduct clinical trials and/or bring products to market.

At the end of 2016 and the beginning of 2017, the Company has chosen to orient and strengthen its portfolio in its main therapeutic areas of interest, such as the elafibranor program (NASH, PBC), its biomarker programs (BMGFT03), its developments in fibrosis (TGFTX4) and in autoimmune diseases (TGFTX1), and to suspend its investments in the TGFTX3 and TGFTX5 programs, which are less advanced and less directly associated with its specialty strategy.

This strategy has recently led the Company to undertake disease awareness efforts under the auspices of an endowment fund known as "The NASH Education Program", dedicated to the development and funding of awareness and education activities aimed at the medical community and the general public (see also note 6.27 – "Commitments" to the consolidated financial statements in Appendix 1 to this Registration Document).

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

GENFIT has defined five major objectives:

- **The continued development or co-development of Elafibranor as a first-line treatment for NASH and in PBC**. With respect to this program, the Company has begun Phase III development of which the RESOLVE-IT pivotal clinical trial is in progress as of the date of this Reference Document. It also launched a Phase II clinical trial with elafibranor for the treatment of Primary Biliary Cholangitis (PBC), the first patient of which is expected to be recruited in the second quarter 2017 and launched the first juvenile toxicology studies of the elafibranor Pediatric Investigation Plan in the NAFLD/NASH. It also evaluates combination therapy approaches combining elafibranor in NASH with molecules derived from other Company programs, molecules already marketed in other indications, or certain molecules currently being developed in NASH either with complementary methods of actions or enlarging the treated population by addressing the co-morbidities of NASH patients. An evaluation of the efficacy of elafibranor in the subpopulation of NASH patients with a F4 fibrosis score is also considered. In either of these cases, the Company may sign a licensing agreement(s) with one or more pharmaceutical laboratories to contribute to the financing of such clinical trials and, if successful, to the marketing of elafibranor.

- **The continuation of R&D programs based on new diagnostic biomarkers**. In the second half 2017, the Company will enter into the development phase for new diagnostic tests/kits dedicated to dosing miRNAs and responding to the main goal of the proprietary BMGFT03 program: identifying NASH patients to treat. The registration of these new medical devices (in vitro diagnostic (IVD) tests and related algorithms) including this function should be registered at the same time as, or immediately after, the conditional marketing authorization for elafibranor in NASH. With this goal, GENFIT could imagine a partnership with a major diagnostic player to assure the industrial development, marketing and distribution of the product worldwide. The Company will then, and in addition, seek to complete this offer by targeting all the NASH diagnostic needs and the co-morbidities associated with NASH: screening of pre-diabetic and diabetic patients, prognosis and stratification of patients at risk of evolution to cirrhosis, selection of patients responding to elafibranor (companion test);

- The clinical and preclinical development of new anti-fibrotic drug candidates (TGFTX4);

- The selection and development, alone or in partnership, of drug candidates for the treatment of some inflammatory and auto-immune diseases (TGFTX1);

- The strengthening of the Company's pipeline via in-licensing agreements of products in Phase I or II of clinical development or through combination therapy strategies in the Company's therapeutic areas of interest.

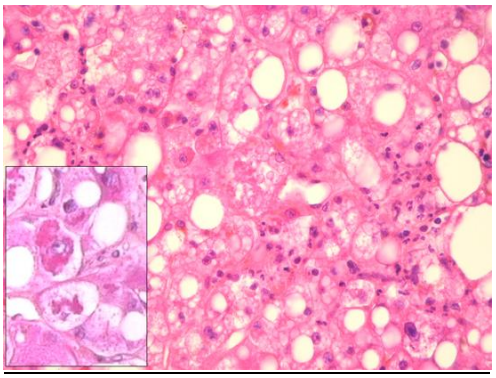
In light of its available cash, the Company may need to seek financing in the market or through non-dilutive alternative financing to give it the means to fund some of these operational objectives. The signing of licensing agreements for all or part of the commercialization rights to products developed under the programs described above, for elafibranor in particular, could allow the Company to finance, at least in part, some of these objectives.

6.4. STRATEGIC THERAPEUTIC AREAS

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

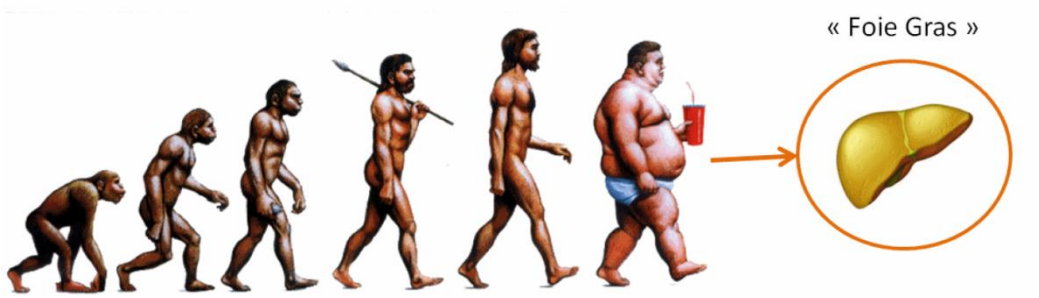
6.4.1.1. Definition

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 6.4.3.1 – "Definitions" for a definition of cirrhosis).



Macroscopic picture of a biopsy showing a non-alcoholic steatohepatitis (NASH).

6.4.1.2. 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.

6.4.1.3. 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 (Ratziu, 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).

6.4.1.4. 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]

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).

In terms of public health, managing the NASH epidemic has become a priority for health organizations. In particular, joint recommendations from the Food and Drug Administration (FDA) and the American Association for the Study of Liver Diseases (AASLD) for the development of new diagnostic tests and new drugs have recently been published (A. Sanyal et al., Hepatology 2015: 1392-1405).

6.4.1.5. 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…).

[1] Source : WHO. Fact sheet N°311 – January 2015

6.4.1.6. A complex disease, with multiple co-morbidities

NASH is a complex disease pathology strongly correlated with diabetes, obesity and more generally metabolic syndrome.

Acting on multiple facets of the disease and its major metabolic risk factors, elafibranor has a significant potential for combining with other treatments to meet the medical needs of a large number of NASH patients.

6.4.1.7. 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 – "Research and validation of new diagnostic biomarkers").

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 – "General presentation and history of development").

To address the multifactorial nature of the disease and the multiple co-morbidities to which the NASH patient is confronted, Genfit is also evaluating combination therapy approaches combining elafibranor in NASH with molecules derived from other Company programs, molecules already marketed in other indications, or certain molecules currently being developed in NASH with the goal of treating the largest number of NASH patients. During the International Liver Congress in Amsterdam (April 19-23, 2017), the Company presented data on the therapeutic complementarity of elafibranor and an FXR agonist (exemplified with obeticholic acid), illustrating the potential for new combination treatments with elafibranor for the best possible care of NASH patients. The synergistic effect obtained in the disease models used showed an attenuation of fibrosis at submaximal doses, which confirmed the relevance of these combination approaches.

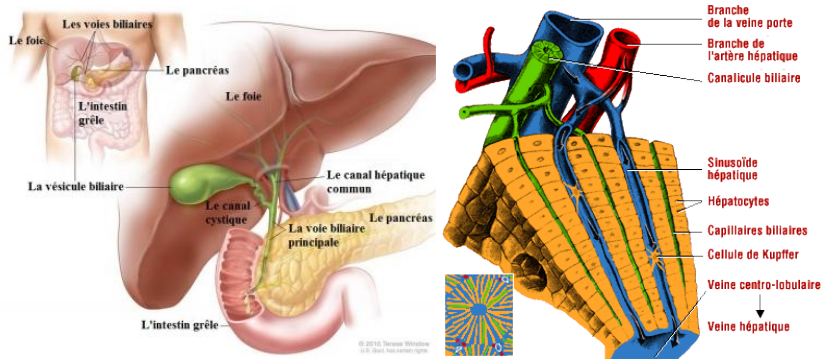
6.4.1.8. The current and future NASH market, and the major players

As the global epidemic of obesity fuels metabolic conditions, NAFLD and NASH have become among the most common liver disorders. In 2015, the global market for NASH was estimated to be worth approximately $800 million[2], and is projected by various experts to reach beyond $15 billion[3]-$20 billion[4] by 2025 (with a 2015-2025 CAGR of 34.1%).

The NASH market has been attracting increasing interest from larger pharmaceutical companies over recent years, with an increasing number of transactions, whether mergers or licensing agreements, with smaller biotech companies including Allergan plc's purchase of Tobira Therapeutics or Gilead Science's purchase of Nimbus Therapeutics, a privately-held company with an early stage NASH program. As a result, the NASH market now includes big pharmaceutical laboratories such as Allergan (following the Tobira acquisition), Gilead Science and Novartis (via Conatus), and biotechnology companies like Genfit, Intercept Pharmaceuticals or Galmed Pharmaceuticals, which have been developing drug candidates specifically in this indication for many years. The development stages and methods of action of these different programs are nevertheless varied (see section 6.6.5 – "Market and competition for elafibranor" of this Registration Document).

6.4.2. Chronic cholestatic diseases and auto-immune hepatitis

6.4.2.1. 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:

- the presence of antimitochondrial antibodies
- an increase in alkaline phosphatase.

[2] Cassidy S, Syed BA. Nonalcoholic steatohepatitis (NASH) drugs market. *Nat Rev Drug Discov*. 2016 Nov 3;15(11):745-746.
[3] Cassidy S, Syed BA. Nonalcoholic steatohepatitis (NASH) drugs market. *Nat Rev Drug Discov*. 2016 Nov 3;15(11):745-746.
[4] Source: Kempen & Co Merchant Bank estimates – Research Report dated December 3, 2014.

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.

For many years UDCA was 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. Since May 2016, Intercept Pharmaceuticals is authorized by the FDA to market Ocaliva for the treatment of PBC. This drug, based on obethicholic acid, also received marketing authorization from the EMA in October 2016.

Since current treatments only adequately treat part of the patient population and/or cause significant side effects such as pruritus, a major and well-known symptom that already affects most PBC patients, GENFIT has initiated a Phase II to evaluate elafibranor in this disease in order to offer a wider population of patients a new therapeutic solution, which is better tolerated and offering a better safety profile (see section 6.6.4 – "Elafibranor in PBC development plan" of this Registration Document).

6.4.2.2. 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) (see section 6.4.2.1 – "Primary biliary cholangitis (PBC)" of this Registration Document) and primary sclerosing cholangitis (PSC) (see section 6.4.2.3 – "Primary sclerosing cholangitis (PSC)" of this Registration Document) 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.

6.4.2.3. 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.

6.4.2.4. 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.

In this context, the Company received approval of the FDA 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.

In particular, based on the fact that these hepatic diseases 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, which are a category of lymphocytes play an important role in immune-response.

In particular, in the context of its TGFTX1 program, Genfit identified novel antagonists of the nuclear receptor RORγt (RORgamma-t), that plays an essential role in the regulation of the immune system by selectively and efficiently interfering with 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 proven (see section 6.7.3 – "TGFTX1 and RORγt: a research program of drug-candidates for certain inflammatory and auto-immune diseases" of this Registration Document).

6.4.3. Advanced liver fibrosis and cirrhosis

6.4.3.1. 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 or pre-cirrhotic liver with advanced fibrosis), 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 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 drug capable of sufficiently regressing fibrosis and reversing the structural alteration of the liver.

6.4.3.2. 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; some of which are from the pharmacopeia. The drug candidate(s) issued from this program will be developed or repurposed for the treatment of advanced hepatic fibrosis and cirrhosis (see Section 6.7.2 – "TGFTX4: a research program of drug candidates for fibrotic diseases").

The Company plans specifically evaluate elafibranor in the sub-population of 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-TNFa drugs (infliximab and adalizumab). (Lumleain, 2012, “Disease State Primer; Inflammatory Bowel Disease”).

The Company has a good knowledge of the inflammatory and fibrotic mechanisms characterizing these diseases and has previously evaluated the anti-inflammatory and anti-fibrotic properties of elafibranor as part of a research program called TGFTX5 for which it recently decided to suspend its investments. Nevertheless, the Company does not exclude in the future the possibility of engaging other research programs in this field with other candidates in its portfolio.

6.5. EXPERTISE AND KNOW-HOW OF GENFIT

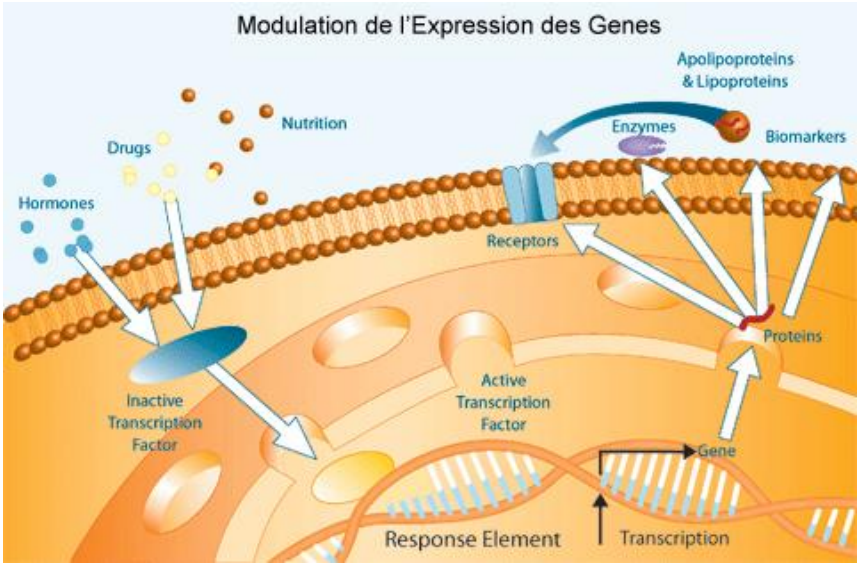
With its top-rate teams, GENFIT has all the expertise and know-how necessary for the research and development of innovative therapeutic or diagnostic solutions, from identification to proof of efficacy and safety in advanced clinical trials. Implementing a perfectly tailored technical platform, GENFIT 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 for innovative drug candidates at GENFIT relies in the first instance on the internationally-recognized scientific expertise of Prof. Bart Staels (more than 600 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 families of nuclear receptors:

- The PPAR nuclear receptors—Peroxisome Proliferator-Activated Receptor—(PPARα and PPARδ 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; and

- The ROR (retinoic acid-related orphan receptors) receptors (TGFTX1), for which the majority of research currently conducted principally targets autoimmune diseases.

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

6.5.2.1. 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, 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.

6.5.2.2. 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.

6.5.2.3. 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 coming, in particular, from the Phase IIb (GOLDEN 505) study of elafibranor. The program has two objectives:

- to find new biomarkers and/or an innovative algorithm of biomarkers to ensure better NASH diagnosis with a key medical priority: identify NASH patients to treat . 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 new miRNA biomarkers enabling the identification of NASH patients to be treated with elafibranor or any other appropriate therapeutic solution (see 6.7.1 – "BMGFT03: Biomarkers and in vitro diagnostic (IVD) tests in NASH" of this Registration Document for further information about this program).

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

6.5.2.4. 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 plans, once it has acquired sufficient longitudinal data, to accelerate, on this basis, the 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 prior to the commencement of GENFIT's 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

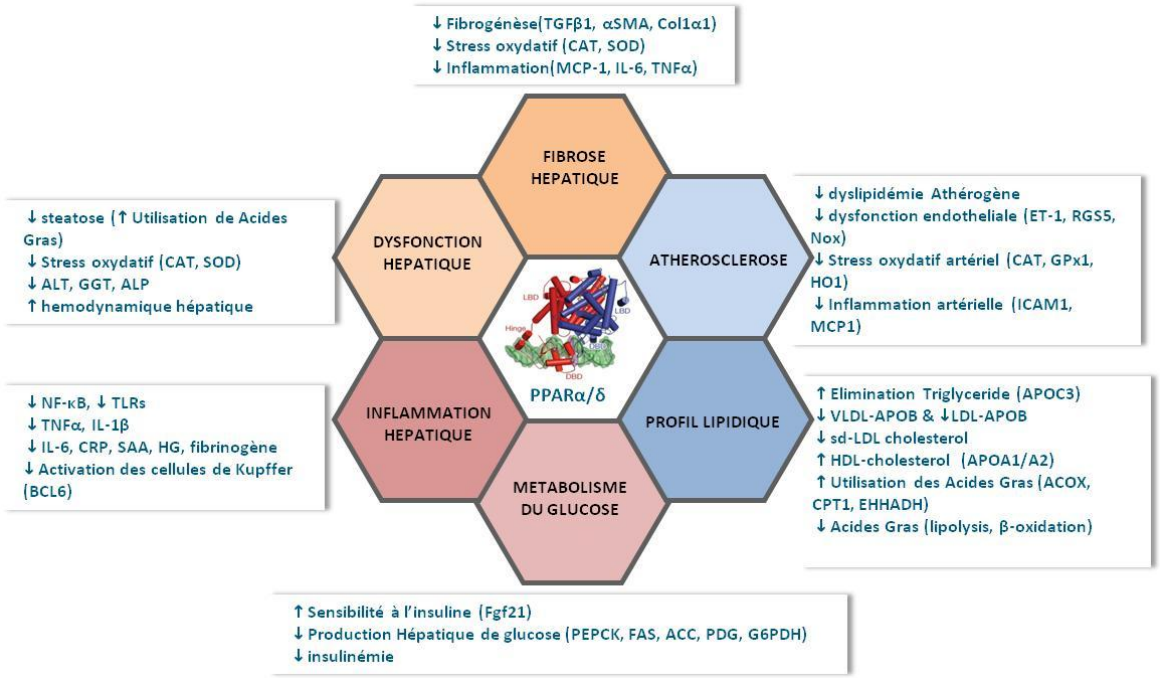
Throughout the process, Genfit complies with all regulatory requirements through expert knowledge and effective regulatory oversight. The Company prepares and submits to health authorities the necessary product documents such as IMPD (Investigational Medicinal Product Dossier) or IB (Investigator's Brochure),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

Regulatory requirements are integrated into the quality system which, through internal and external procedures and audits, ensures compliance with these requirements throughout the implementation of R&D projects.

6.6. ELAFIBRANOR

6.6.1. General presentation and history of development

Elafibranor (previously GFT505) and its principal metabolite GFT1007 are dual agonists acting simultaneously on the receptors PPARα and PPARδ. As illustrated in the diagram below, these receptors are implicated in particular 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 PPARα/δ 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) demonstrated, in summary, that 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 elafibranor 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≥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.

The Company continues to capitalize on the results of the GOLDEN-505 Phase IIb study, including a "late-breaking" abstract at the American Association for the Study of Liver Diseases (AASLD - Boston, November 11-15, 2016), which highlighted the importance of treating the histological parameters of NASH, specifically necro-inflammation (ballooning and inflammation), to regress fibrosis. Indeed, in the GOLDEN-505 study, there was a strong correlation between improvement in NASH activity and regression of fibrosis, which supports the hypothesis that NASH resolution is reasonably likely to predict a long-term beneficial clinical effect.

6.6.2. Safety profile

6.6.2.1. 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.

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

6.6.3. 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.

Elafibranor is currently evaluated in 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≥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 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 4.1.1.1 – "Risks related to clinical trials" of this Registration Document regarding the uncertain nature of these parameters), a conditional market authorization could be obtained for elafibranor in NASH during the course 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 also evaluates 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 and the Company anticipates that the approximately 1,000 patients in the first phase of the trial could be recruited by the third quarter 2018. This change of 4 to 6 months from the previoulsy disclosed calendar is partly due to the increasing number of clinical trials now being launched in NASH (see in particular 6.6.5 – « Market and competition for elafibranor » of this Registration Document), but is mainly attributable to the Company's desire to ensure enrollment quality so as to produce the most statistically robust clinical trial by ensuring that patient stratification ratios remain as close as possible to the medical reality. However, the Company remains exposed to the risks associated with clinical trials and cannot guarantee that clinical trials will be carried out in the expected timelines - see, in particular, Chapter 4 – « Risk factors » and Section 4.1.1.1 – « Risks related to clinical trials » of this Registration Document.

The Company considers that this change has no significant impact on the main goal for elafibranor to be prescribed as a first-line treatment in NASH and to constitute a cornerstone in combination therapy. More centers will be opened to limit deviations from the initial timeline.

In November 2016, GENFIT initiated the first studies of juvenile toxicology of the elafibranor Pediatric Investigation Plan (PIP) in the NAFLD/NASH (the goal of the PIP is to support pediatric authorization of a drug) following the positive opinion of the EMA. Depending on the results of these initial studies, in the second half of 2017 the Company should launch the "PK/PD" studies to specifically evaluate the exposure of children and adolescents to elafibranor in order to study its relationship to the effects of the drug candidate.

6.6.4. Elafibranor in PBC development plan

Since current Primary Biliary Cholangitis (PBC) treatments adequately treat only part of the patient population and/or generate significant side effects such as pruritus, a major and well-known symptom that already affects most PBC patients, Genfit launched a Phase II study aiming at evaluating elafibranor in this disease in order to offer a larger population of patients a new, better tolerated and safer therapeutic solution.

This trial is designed to be a multicenter, double-blind, randomized, placebo-controlled, Phase II study to evaluate the efficacy and safety of elafibranor after 12 weeks of treatment in patients with PBC and inadequate response to ursodeoxycholic acid.

The trial's main characteristics are:

- 3 arms: elafibranor 80mg, 120mg, placebo
- 45 patients (15 patients per arm)
- International, multicenter study in the U.S. and in three European countries

The primary objective is to determine the effect of daily oral administration of elafibranor on serum alkaline phosphatase (ALP) in these patients, based on relative change *versus* placebo.

Secondary endpoints will include:

- ALP < 1.67 × upper limit of normal (ULN) and total bilirubin within normal limit and > 15% decrease in ALP
- Paris, Toronto, UK PBC scores
- Pruritus and QoL (Quality of Life)
- Safety of elafibranor in a PBC population

The European and American centers participating in the Phase 2 study have all been identified, and the first ones are already active.

The first patient to be included in this study is expected to be enrolled during the second quarter 2017.

6.6.5. Market and competition for elafibranor

As of the date of this Registration Document, the Company intends to participate in the marketing of elafibranor in two indications:

- In NASH, with elafibranor currently evaluated in the Phase III RESOLVE-IT study;
- In PBC, the Company has launched a Phase II study after authorization by the FDA in November 2016.

Regarding the risks related to the competition, see section 4.1.8 – « Risks related to competition" of this Registration Document.

NASH

The global market for NASH is estimated to be worth approximately $800 million[5] in 2015. The majority of sales was essentially represented by the off-label prescription of drugs already approved for other diseases (such as Type 2 Diabetes), but that show no proof of efficacy in NASH. The NASH market is projected by various experts to reach beyond $15 billion[6]-$20 billion[7] by 2025 (with a 2015-2025 CAGR of 34.1%).

This very strong growth expected 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.

[5] Cassidy S, Syed BA. Nonalcoholic steatohepatitis (NASH) drugs market. *Nat Rev Drug Discov*. 2016 Nov 3;15(11):745-746.
[6] Cassidy S, Syed BA. Nonalcoholic steatohepatitis (NASH) drugs market. *Nat Rev Drug Discov*. 2016 Nov 3;15(11):745-746
[7] Source: Kempen & Co Merchant Bank estimates – Research Report dated December 3, 2014.

Genfit's elafibranor is one of two drug candidates in development currently in Phase III in NASH, and is therefore one of the two most clinically advanced candidates. Allergan is expected to launch a Phase III trial in April 2017.
The following table summarizes the portfolio of products in advanced clinical development for treating NASH in Western countries while referencing publicly accessible sources of information from the relevant companies.

Company	Compound	Mechanism of action/target	Phase	Population	Primary endpoints	Secondary endpoints	Next NASH catalyst	Next step
GENFIT	elafibranor	Dual PPARa/d agonist	Phase III (Ongoing)	NASH	Biopsy : Resolution of NASH without worsening of fibrosis + Long-term outcomes	Improvement of fibrosis + Other histological end-points + Biomarkers	Top-line results (interim analysis) Q3 2019	Approval under Subpart H
INTERCEPT	OCA	FXR agonist	Phase III (Ongoing)	NASH	Biopsy : Resolution of NASH without worsening of fibrosis + ≥1 stage improvement of liver fibrosis without worsening of NASH + Long-term outcomes	Other histological outcomes	Top-line results (interim analysis) in 2019	Approval under Subpart H
GILEAD	Selonsertib (GS-4997)	ASK-1 inhibitor	Phase III (Ongoing)	NASH	Biopsy: ≥1 stage improvement of liver fibrosis without worsening of NASH	Resolution of NASH	Demonstrated anti-fibrotic activity in Phase IIa compared with simtuzumab	Phase III
ALLERGAN (TOBIRA)	Cenicriviroc	CCR2/CCR5 antagonist	Phase III (Ongoing)	NASH	Biopsy: ≥1 stage improvement of liver fibrosis without worsening of NASH	Long-term outcomes	PhIIb Didn't meet the primary endpoint of NASH resolution	Phase III
GALMED	Aramchol	SCD-1 inhibitor	Phase IIb (Ongoing)	NASH in Ob or T2D	change in the liver triglycerides concentration	≥2 points improvement on NAS + Biomarkers	Top-line Results in Q12018	Phase IIb
NOVARTIS (CONATUS)	Emricasan	Pan caspase inhibitor	Phase IIb (Ongoing)	NASH	≥1 stage improvement of liver fibrosis without worsening of NASH	NASH resolution + NAS score improvement	Top-line results in 2018	Results Phase IIb

INTERCEPT is developing a FXR (farnesoid X receptor) agonist, obeticholic acid (OCA) or Ocaliva®, which generated much interest amongst investors and the scientific and medical NASH communities following the completion 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 OCA showed efficacy on NASH resolution and improvement of fibrosis after 72 weeks of treatment, but no sign of efficacy was shown in a comparable study in Japan on NASH patients. Those therapeutic activities were however accompanied by an increase in LDL-cholesterol ("bad cholesterol") and in pruritus. The Phase III study (REGENERATE) is underway, with results expected in 2019.

GILEAD is developing three compounds in treating NASH, GS-9674 (FXR agonist, via licensing from Phenex), GS-0976 (ACC inhibitor, via acquisition of Nimbus) and GS-4997/selonsertib (ASK-1 inhibitor). GS-9674 and GS-0976 are both under Phase II clinical trial in NASH. In October 2016, Gilead announced Phase II top-line results for GS-4997/selonsertib. Patients received treatment with GS-4997/selonsertib alone or in combination with simtuzumab (SIM, an anti-LOXL2 antibody), or SIM alone. GS-4997/selonsertib demonstrated anti-fibrotic activity in this open-label Phase II clinical trial that included 72 patients with NASH and moderate to severe (F2-F3) liver fibrosis. The combination selonsertib/simtuzumab demonstrated anti-fibrotic activity and Gilead announced its intention to proceed with selonsertib in Phase III clinical trial. However, simtuzumab alone which was also investigated by Gilead in two other Phase IIb trials in NASH, didn't show evidence of efficacy and Gilead announced in November 2016 the discontinuation of its development. In February 2017, Gilead announced that it had launched two Phase III studies (STELLAR 3 and STELLAR 4) evaluating GS-4997/selonsertib in patients with a F3 and F4 fibrosis score, respectively.

ALLERGAN, via its acquisition of TOBIRA, is developing cenicriviroc (CVC), a dual CCR2/5 antagonist. CCR2 and CCR5 receptors are believed to play a role in fibrosis development. Based on 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. In July 2016, top-line results were announced. The study did not meet its primary endpoint of a two-point reduction in the NAFLD Activity Score (NAS), but a statistically significant improvement of fibrosis was observed. In September 2016, Allergan announced the acquisition of Tobira and it will continue the development of cenicriviroc in NASH alone or together with evogliptin, a DPP-4 inhibitor. Allergan began a Phase III study (AURORA) in April 2017 to evaluate the efficacy and safety of CVC for the treatment of liver fibrosis in NASH patients.

GALMED is developing Aramchol as a potential treatment for NASH. Aramchol is a fatty acid/bile acid conjugate (FABAC), partially inhibiting the activity of SCD-1 (Stearoyl Coenzyme A Desaturase 1) in the liver. A Phase IIa study, which included 60 NAFLD and NASH patients, demonstrated efficacy in reducing liver fat content and moderating biochemical markers. In 2015, the Company initiated a Phase IIb/III (ARREST) trial in NASH patients with obesity and diabetes, primary endpoint is to evaluate reduction in liver fat content measured by magnetic resonance spectroscopy (MRS). Top-line results are expected to be available in Q1 2018.

NOVARTIS, via an exclusive worldwide licensing option made with CONATUS in December 2016, is developing a pan-caspase inhibitor, emricasan. In 2015, the results of an exploratory Phase IIa study in NAFLD patients showed significant benefit on hepatic biochemical markers such as CK18 and ALT. In January 2016, a Phase IIb study (ENCORE-NF) in NASH F1-F3 patients was initiated with a histology-based endpoint to evaluate emricasan's potential longer-term effects on liver structure. Emricasan is also under Phase IIb trial (ENCORE-PH) in NASH cirrhosis patients with severe potal hypertension. A Phase IIb study (ENCORE-LF) was planned to begin in 1H2017 on decompensated NASH cirrhosis patients. Top-line results of all the three NASH-related clinical trials of emricasan are expected to be available in 1H2018. If concluded positively, Novartis would then conduct Phase III studies of emricasan as a single treatment and start development of combination therapies with Novartis internal FXR agonists.

PBC

PBC (Primary Biliary Cholangitis) is a rare chronic liver disease (see section 6.4.2.1 – "Primary biliary cholangitis (PBC)" of this Registration Document), primarily characterized by destruction of the bile ducts which transport bile acid out of the liver. According to the Cleveland Clinic, 90% of the patients suffering with PBC are women. The prevalence is higher in northern European population groups and lower in Japan. Disease prevalence estimates have ranged from 40 to 400 cases per 1,000,000 people, with an incidence between 4 and 30 cases per 1,000,000 people per year.

North America was observed as the largest market for PBC treatment followed by Europe. Asia Pacific was anticipated to grow at a fastest CAGR in the world during the forecast period 2016 to 2022. UDCA was the only approved medication for the disease, which was approved by FDA in 1997. However, approximately 40% of patients with PBC respond incompletely to long-term UDCA monotherapy. Accordingly, there is a significant medical need for new therapies. In May 2016, obeticholic acid (Ocaliva®) received approval from FDA for the treatment of PBC in combination with UDCA in adults with an inadequate response to UDCA, or as a single therapy in adults unable to tolerate UDCA, and its Marketing Authorization was granted in Europe recently. Intercept sets annual list price of Ocaliva at $69,350 per patient per year, and reported $18.2 million sales for the year ended December 31, 2016.

6.7. OTHER PROGRAMS

6.7.1. BMGFT03: Biomarkers and in vitro diagnostic (IVD) tests in NASH

An integral part of GENFIT's industrial strategy for comprehensive NASH management, several research programs focus on the identification and validation of new biomarkers for the detection, management and/or follow-up of NASH patients and their associated cardiometabolic conditions.

The BMGFT03 program, in particular, is looking for new circulating biomarkers allowing for NASH diagnosis and to decide on the type of treatment and/or to monitor the disease without biopsy. Because of their ease of use and their accessibility, the medical devices or in vitro diagnostic tests resulting from this research that GENFIT intends to develop aim to create a reliable alternative to biopsy. Once on the market, they will allow for the significant expansion of the patient population eligible for treatment with elafibranor or any other suitable treatment.

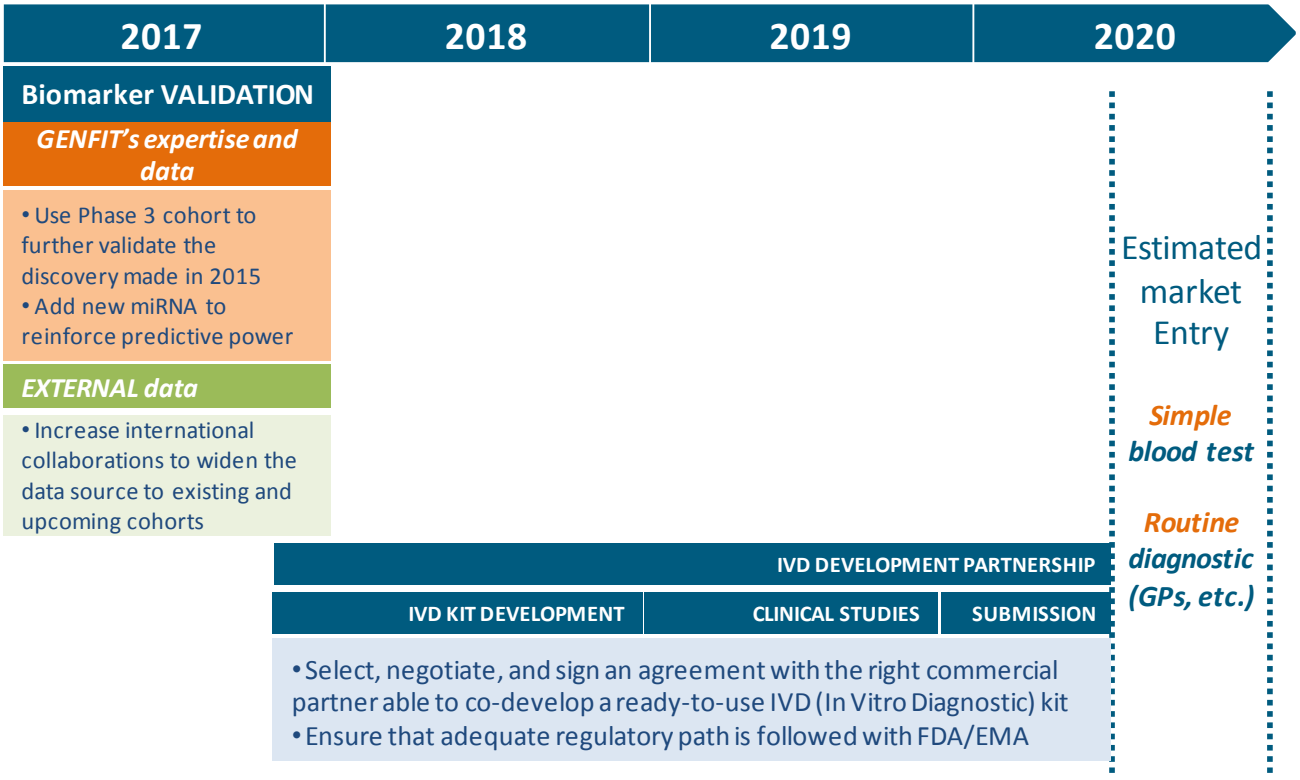
The BMGFT03 program is based on the expertise of GENFIT teams in the field of small non-coding circulating RNAs, in particular miRNAs. With this expertise, GENFIT develops simple, fast and robust dosing methods for any miRNA in blood, serum or plasma samples. In addition to this expertise, the BMGFT03 program also relies on a large bank of blood samples (plasma/serum) from NASH and non-NASH patients with biopsies and bioinformatics team experienced in researching new diagnostic biomarkers.

Using the large number of samples from the patient selection visits of the elafibranor Phase 2b study in NASH (GOLDEN-505), GENFIT teams have discovered, at the date of this Registration Document, 23 circulating miRNAs capable of identifying patients to be treated with elafibranor (identical definition to inclusion criteria in the ongoing RESOLVE-IT Phase 3 study). Eleven of these miRNA were confirmed from an independent cohort of patients. The majority of these miRNAs have greater diagnostic powers than the variables conventionally used today to estimate the risk of NASH before biopsy. Two distinct bioinformatic approaches have generated algorithms or scores based on the combination of miRNAs (miR34a, miR200a) with other biological variables. In the GOLDEN-505 cohort, the diagnostic power of these algorithms was significantly greater than other scores described in the literature. In addition, the 2016 Annual Conference of the AASLD ("The Liver Meeting", Boston, November 11-15, 2016) as well as the 52nd annual meeting organized by EASL (The International Liver Congress, Amsterdam, April 19-23, 2017) were an opportunity for GENFIT to present different abstracts and posters highlighting the importance of miRNAs as biomarkers relevant for the diagnosis of NASH patients to be treated, notably through the predictive power of 11 miRNAs identified by the Company as of the date of this Registration Document and identification of a simplified diagnostic score to identify NASH patients and monitor their disease evolution. The scoring method is the result of identifying a new algorithm based on a smaller number of variables, generating a powerful score with good performance based on AUROC (Area Under the Receiver Operating Curve), sensitivity, specificity, NPV (Negative Predictive Value) and PPV (Positive Predictive Value). As a result of this work, the Company has filed several patents on algorithms combining certain miRNAs with other common biochemical variables.

Following the main discovery stage ending in summer 2017, the Company will begin the development stage with a goal to obtain regulatory approval of the IVD diagnostic tool. With this in mind, the Company plans to partner with a major diagnostic company to ensure the industrial development, distribution and marketing of the IVD test worldwide. Regulatory registration of the new in vitro diagnostic (IVD) kits and associated algorithms for non-invasive NASH diagnosis should occur at the same time as, or immediately follow, the commercialization of elafibranor for NASH. The elafibranor Phase III trial, RESOLVE-IT, will be part of the clinical validation required for FDA (US) and CE IVD (Europe) labeling and the dissemination of these new diagnostic tools .

Furthermore, beyond the RESOLVE-IT Phase III trial, with the same goal towards clinical validation, GENFIT has initiated an important validation program for miRNAs of interest and associated algorithms that will involve numerous hepatology clinical centers and expert services in Europe and the United States. The long-term collaboration agreement signed in 2016 with Prof. Sven Francque, Head of the Department of Hepatology Gastroenterology at the University Hospital of Antwerp in Belgium was a starting point for this program. This agreement will enable the circulating miRNA levels to be measured in thousands of NAFLD patients (non-NASH and NASH), and their results in the diagnosis of liver damage will be validated in various medical and operational contexts.

The development plan for diagnostic solutions developed in the BMGFT03, as contemplated at the date of this Registration Document, is set out as follows:



The Company will then seek to complete its offer by targeting all of the diagnostic needs of NASH and its co-morbidities: screening of pre-diabetic and diabetic patients, prognosis and stratification of patients at risk of developing cirrhosis, selection of patients responding to elafibranor (companion test).

6.7.2. 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 tests and in vivo disease 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 test relevant in relation to the global disease 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. These results were obtained either by the therapeutic repurposing of compounds approved in another indication – allowing the Company to shorten development time – or by a more classical hit-to-lead optimization of the Company's proprietary compounds using a phenotypic screening approach in TGF beta-activated human hepatic stellate cells.

Following research undertaken on different molecules from the pharmacopeia, nitazoxanide, currently prescribed as an anti-parisitic, was repurposed as a potent antifibrotic agent. The Company presented the results of this research demonstrating the efficacy of nitazoxanide in two disease models of liver fibrosis, as presented at the International Liver Congress organized by EASL (April 19-23, 2017 in Amsterdam). The Company expects an IND application for a Phase II proof of concept study of nitazoxanide in NASH with advanced fibrosis to be made during the second half 2017 (subject to authorization of the launch of such a trial by regulatory authorities, as indicated in section 4.1.1.1 – "Risks related to clinical trials" of this Registration Document).

Following the expiration of the patent on the molecule in 1995, the nitazoxanide molecule is in the public domain. Furthermore, an in-depth analysis of the published patents and patent applications has not brought to light, at the date of this Registration Document, documents protecting the use of this molecule in the therapeutic areas in which the Company wishes to develop it, in particular as an anti-fibrotic. As indicated in section -11.2.2.3 – « Patents and patent applications on new molecules and their uses (excluding elafibranor) or on new therapeutic indications » the Company filed patent applications with a goal to protecting the use of nitazoxanide in such therapeutic areas. 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 chapter 4 –« Risk factors » and in particular section 4.2.1– « Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights » of this Registration Document.

Certain of these molecules arising from the Company's research could be ready to begin their preclinical development at the end of the first half 2017.

6.7.3. TGFTX1 and RORγt: a research program of drug-candidates for certain inflammatory and auto-immune diseases

As part of ambitious efforts to diversify and expand its development pipeline in the treatment of autoimmune, inflammatory and fibrotic diseases, the Company has conducted significant work over the last three years in the design and optimization of novel RORγt inverse agonists.

RORγt (RORgamma-t), a key nuclear receptor involved in regulating a proinflammatory cytokine, interleukin-17 (IL-17), represents a validated therapeutic target for the treatment of certain inflammatory and autoimmune diseases.

An aggravation 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. RORγt has a key role upstream of the immune process. By inducing the differentiation of Th17 lymphocytes, which results in the production of IL-17, RORγt modulates the subsequent systemic immune responses. Inhibiting RORγt 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 or by local, topical application in particular in dermatologic diseases.

The potential therapeutic areas of application for RORγt inverse agonists encompass a broad spectrum of systemic, dermatological and respiratory diseases.

The first TGFTX1 molecules developed by GENFIT chemists have already demonstrated the beneficial effects in in vitro, ex-vivo and in vivo tests adapted to the target diseases.

These candidates are highly potent and selective against other members of the ROR nuclear receptor family, and interfere with IL-17 production in human blood leukocytes. The physicochemical properties of these RORγt inverse agonists are compatible with classical methods of skin delivery and these candidates are destined for applications in dermatologic diseases such as psoriasis.

The Company has recently launched pre-IND studies for a topically delivered treatment in mild to moderate psoriasis vulgaris. The Company is currently looking to forge a partnership with a company that has an established dermatology franchise for both topically and orally administered drugs, to move this program forward.

In parallel, other approaches by inhalation or oral delivery are being optimized, which will provide additional opportunities in respiratory and systemic diseases.

7. ORGANIZATIONAL STRUCTURE

7.1. GROUP STRUCTURE, LIST OD 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 GENFIT CORP holds no strategic assets to date.
GENFIT PHARMACEUTICALS SAS (France)	Created in December 2011, this French subsidiary is wholly owned and has no activity to date.

GENFIT S.A. is headquartered in Lille. Since 2016, GENFIT S.A. has a secondary establishment in Paris.

7.2. MAIN INTRAGROUP FLOWS

Service agreement and cash management agreement between GENFIT and GENFIT CORP

GENFIT and GENFIT CORP have had an annual services agreement in effect since July 2003.

From January 1, 2016, GENFIT CORP and GENFIT decided to modify this agreement and entered into an intragroup services agreement through which GENFIT CORP provides certain services to GENFIT, particularly services associated with the clinical trials management, 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 line with the acceleration of GENFIT CORP's activities in the United States, for 2016, the amount paid for services by GENFIT to GENFIT CORP amounted to $3,050 thousand compared with $539 thousand in 2015.

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

The interest rate for 2017 is 0.69%.

Domiciliation contracts

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.

The NASH Education Program™, an endowment fund created at GENFIT's initiative on November 3, 2016, is also domiciled at its headquarters.

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 close 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 majority of the functional support teams and the administrative and financial departments are located 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.

GENFIT sold the real estate complex and became a lessee in 2013 by signing a commercial lease for nine full and consecutive years.

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

In July 2016, the Company opened a secondary establishment in Paris and leased 150m^2 of office space for employees based in Ile de France.

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

GENFIT CORP is headquartered in Cambridge, Massachusetts and signed a lease for 190m^2 of office space in October 2016.

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 Social and Environmental Responsibility for the 2016 fiscal year, which can be found on its website (www.genfit.com).

Please also refer to sections 4.1 – "Risks related to the company's business" and 4.1.6 – "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, 2016 and December 31, 2015 provided in section 20.1 – "Historical consolidated financial information under IFRS".

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

- The consolidated financial statements established in accordance with IFRS, as adopted in the European Union for the year ended December 31, 2015, and the Statutory Auditor's report related thereto, as presented respectively in pages 119 to 156 and 156 to 158 of the Registration Document registered under number R.16-062 on June 29, 2016; and
- The consolidated 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 74-114 and 115-116 of the Annual Financial Report for the year ended December 31, 2014, published on April 3, 2015.

9.1. FINANCIAL POSITION

9.1.1. Comments on the statement of consolidated net income for the fiscal years ended December 31, 2015 and December 31, 2016

9.1.1.1. Operating Income

The Company's revenue and other income results, in particular, from its revenues, government grants, other operating income and, mainly the research tax credit.

Revenue and other income	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Revenues	527	284
Government grants	12	411
Research tax credit	3 705	5 964
Other operating income	114	124
Total	**4 358**	**6 783**

Revenues and other income amounts to €6,783k for 2016 compared to €4,358k for the previous year representing an increase of 56%.

Revenues totaled €284k for 2016 compared to €527k for the previous year, or a decrease of 46%. The decrease in revenues between the two periods is mainly due 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.

Other income, which includes government grants, other operating income, and the Research Tax Credit, totaled €6,499k in 2016 compared with €3,831k in the previous year, or an increase of 70%. This increase is mainly due to the Research Tax Credit, which amount to €5,964k in 2016 compared to €3,705k in 2015, in the context of an increase in 2016 of expenses of

contracted research and development activities conducted by third parties registered with respect to the progression of the RESOLVE-IT Phase 3 clinical study (see in particular section 9.1.1.2 – "Operating expenses by destination" below).

9.1.1.2. 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 years ended December 31, 2016 and 2015.

Operating expenses and other operating income (expenses) (in € thousands)	Year ended 2015/12/31	Of which: Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
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) (in € thousands)	Year ended 2016/12/31	Of which: Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(32 959)	(1 894)	(19 187)	(7 334)	(3 876)	(667)	0
General & administrative expenses	(7 938)	(91)	(0)	(4 321)	(3 395)	(131)	0
Other operating income	(2)	0	0	0	0	0	(2)
Other operating expenses	(42)	0	0	0	(44)	(0)	2
TOTAL	**(40 941)**	**(1 985)**	**(19 187)**	**(11 656)**	**(7 315)**	**(799)**	**(0)**

Operating expenses in 2016 amounted to € (40,941)k in 2016 compared to €(22,034)k in 2015, or an 86% increase. They include, in particular:

- **Research and development expenses**, which include the wages and salaries paid to the research staff (€7,334k in 2016 compared to €6,289k in 2015), the cost of consumables and contracted research and development activities conducted by third parties (particularly clinical and pharmaceutical representing €19,187k in 2016 compared to €5,389k in 2015), and expenses related to intellectual property. These research and development expenses amounted to €32,959k in 2016 compared with €16,360k in 2015, or 80% and 74% of operating expenses, respectively.

  2016 saw an increase in clinical development expenses related to the progression of the Phase 3 RESOLVE-IT study evaluating elafibranor in NASH while 2015 was a transitional year in this respect, punctuated by the end of the GOLDEN 505 Phase 2b pivotal study and the launch, at the very end of the year of the RESOLVE-IT Phase 3 pivotal study. Other programs also generated contracted research and development activities conducted by third parties in 2016 and in 2015, but in smaller amounts than those related to the development of elafibranor because they are at an earlier stage in their development.

  Changes in expenses for research personnel are mainly related to the increase in headcount (89 compared to 74) and the impact of bonuses granted to these employees for their implication in the Group's development, and in particular, related to the implementation of an incentive plan in 2016 (see section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)" regarding the particulars of the incentive plan).

- **General and administrative expenses**, which include the costs of personnel not assigned to research (€4,321k in 2016 compared to €2,840k in 2015), and the administrative and commercial costs. These general and administrative expenses amounted to €7,938k in 2016 compared with €5,630k in 2015, or 19% and 26% of operating expenses, respectively.

  Changes in expenses for personnel not assigned to research is mainly related to an increase in headcount (30 compared to 23) and the impact of bonuses granted to these employees for their implication in the Group's development, and in particular, related to the implementation of an incentive plan in 2016 (see section 17.5 –

"Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)" regarding the particulars of the incentive plan).

9.1.1.3. Operating expenses and other operating income by type

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

Contracted research and development activities conducted by third parties

Contracted research and development activities conducted by third parties amounted to €(19,187)k in 2016 compared with €(5,390)k in 2015, corresponding to a 256% increase, which is mainly due to the progression of the launch of Phase 3 clinical study (RESOLVE-IT) in elafibranor.

Employee expenses

Employee expenses	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Wages and salaries	(4 906)	(8 398)
Social security costs	(2 154)	(3 181)
Pension costs	(57)	(65)
Share-based compensation	(2 012)	(11)
TOTAL	**(9 130)**	**(11 656)**

Employee expenses excluding share-based compensation amounted to €(11,645)k in 2016 compared to €(7,118)k in 2015, or a 64% increase mainly to an increase in headcount (119 compared to 97) and the impact of bonuses granted to these employees for their implication in the Group's development.

The amount recognized as share-based compensation (share warrants (BSAs), redeemable share warrants (BSAARs), stock options (SO) and free shares (AGA)) free of any impact on cash flow went from €2,012k in 2015 to €11k in 2016. Included in the amount for 2016 are the expenses related to the December 2016 SO and AGA plans. For more information, see note 6.21 – "Financial revenue and expenses" to the consolidated financial statements for the year ended December 31, 2016 in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".

Other expenses

Other expenses amount to €(7,315)k in 2016 compared to €(5,074)k in 2015. They include, in particular:

- "fees", which include legal, audit, and accounting fees, the fees of various advisors (press relations, investor relations, communication, IT), 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 to fees incurred by the Company in connection with the registration and protection of its patents;
- expenses related to the rental, use, and maintenance of the Company's 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 faster pace of development of the Group's business and its stronger presence in the United States.

None of these expenses can be qualified as « extravagant » expenses non-deductible from the taxable income.

9.1.1.4. Financial Income

Financial income totals €526k in 2016 compared to €542k in the previous year.

9.1.1.5. Net Income

The year resulted in a net loss of €33,667k compared to a net loss of €17,135k in 2015.

9.1.2. Comments on the statement of financial position for the fiscal years ended December 31, 2015 and December 31, 2016

At December 31, 2016, the total amount of the Group's Statement of Financial Position amounts to €166,214k compared to € 69,258k for the previous year.

At December 31, 2016, the Group had cash, cash equivalents and current financial instruments of €152,372k compared with €60,142 at December 31, 2015.

9.1.2.1. Assets

Non-current Assets

Non-current assets, which include goodwill and intangible, tangible, and financial assets, increased from €2,505k at December 31, 2015 to €4,294k at December 31, 2016. This increase is mainly due to investments made during the year (IT, telecommunications, renovations and scientific equipment).

Current Assets

Current assets amount to €161,996k at December 31, 2016 compared to €66,753k as of December 31, 2015.

The change in trade and other receivables relates to receivables from the research tax credit for the 2014 and 2016 fiscal years. For the 2014 fiscal year, the French tax administration partially repaid in advance the research tax credit, after deduction as a precautionary measure, of the tax adjustment of €1,141k that the Company contests and which remain due.

The change in trade and other receivables corresponds to the increase in expenses recognized in advance related to current operating expenses.

Cash and cash equivalents increased from €60,111 thousand at December 31, 2015 to €152,277k at December 31, 2016, an increase of 153%. Available cash is mainly invested in highly liquid short-term investments presenting a low risk of change in value.

9.1.2.2. Liabilities

Shareholders' Equity

At December 31, 2016, the amount of the Group's shareholders' equity totaled €142,797k compared to €55,416k as of December 31, 2015.

The change in the Company's shareholders' equity is mainly due to three share capital increases carried out in 2016, and the year's loss, which reflects the Company's 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 consolidated statement of changes in equity produced under IFRS, and available in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".of this Registration Document which described respectively, the changes in the Company's share capital and equity of the Group.

Non-current liabilities

This mainly concerns the following liabilities reaching maturity in more than one year:

- conditional advances granted to GENFIT SA by BPI France for the purpose of financing the Company's research programs (for more information, see note 6.12.1.1 – "Refundable and conditional advances" to the consolidated financial statements for the year ended December 31, 2016 at section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".of this Registration Document; and
- bank loans (see section 10.1.2 – "Debt Financing" of this Registration Document for the details).

Current liabilities

Current liabilities	As of	
(in € thousands)	2015/12/31	2016/12/31
Current loans & borrowings	1 223	1 248
Current trade & other payables	7 292	16 146
Current deferred income and revenue	29	1
Current provisions	69	167
Total	**8 613**	**17 562**

This balance sheet item mainly includes liabilities reaching maturity in less than one year, such as conditional advances granted by BPI France to GENFIT, the development loan with a participation feature granted by BPI France, bank loans, trade payables, and social security expenses. Changes in current liabilities are essentially due to, as indicated above, the increase in contracted research and development activities. See also notes 6.13 – "Trade and other Payables" and 6.14 – "Deferred income and revenue" to the consolidated financial statements for the year ended December 31, 2016 at section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016".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 4.3.2 – "Risks relating to the Research Tax Credit" of this Registration Document.

9.3. POST YEAR-END EVENTS

On January 27, 2017, the Company received an assessment notice for €1,479k in the tax dispute described in section 20.9 – "Legal and Arbitration Proceedings" of this Registration Document.

The Company intends to use all available means of recourse to contest this assessment notice, with the knowledge that the tax administration owes the Company €1,141k for the 2014 CIR.

9.4. OTHER INFORMATION

The Company has not distributed dividends for the last three fiscal years.

The accounts from the preceding fiscal year have not included expenses which are deemed "extravagant" expenses non-deductible from the taxable income.

The breakdown by maturity of trade payables at the end of 2016 and 2015 is as follows:

Due date as of 12/31/2016 (in € thousands)	Due from more than 60 days	Due from 30 to 60 days	Due from 1 to 30 days	Due as of 31/12/2016	To be due in 0 to 30 days	To be due in 31 to 60 days	To be due in more than 60 days	Total
Total suppliers	109	162	2 360	949	3 267	3 047	708	10 603

Due date as of 12/31/2015 (in € thousands)	Due from more than 60 days	Due from 30 to 60 days	Due from 1 to 30 days	Due as of 31/12/2015	To be due in 0 to 30 days	To be due in 31 to 60 days	To be due in more than 60 days	Total
Total suppliers	0	131	161	845	1 788	203	815	3 943

10. CAPITAL RESOURCES

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

Please also refer to notes 6.9 – "Other Assets", 6.11 – "Equity", and 6.13- "Trade and other Payables" to the consolidated financial statements for the year ended December 31, 2016, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016" .of this Registration Document.

As of December 31, 2016, the Group has € 152,277 thousand in cash, cash equivalents, and current financial instruments, compared to € 60,111 thousand at December 31, 2015.

The main components of cash equivalents are:

- UCITS and interest bearing current accounts, 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 BPI France, 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. In this context, the Company plans in the coming years to continue relying on certain of these sources of financing as well as those that may result from licensing agreements for its drug candidates or biomarker candidates and/or results of its research programs.

10.1.1. Equity Financing

Since its creation and until December 31, 2016, the Company received approximately €255 million in shareholders' equity, almost all of which corresponds to cash raised via share capital increases.

1999	Creation	€1,524,505.42
2000	Cash issuance of ordinary shares	€609,796.07
2001	Cash issuance of ordinary shares	€762,245.09
2006	Cash issuance of ordinary shares following the Alternext listing	€15,035,058
2010	Cash issuance of ordinary shares	€2,310,086.00
2011	Cash issuance of ordinary shares in a PACO	€293,498.54
	Cash issuance of ordinary shares	€5,870,012.80
2012	Cash issuance of ordinary shares	€250,001.45
	Cash issuance of ordinary shares in a PACO	€2,450,001.62

	Issuance following exercise of convertible bonds	€2,299,996.95
2013	Cash issuance of ordinary shares	€14,325,000.72
	Issuance following exercise of convertible bonds	€7,149,996.13
2014	Cash issuance of ordinary shares	€75,710,373.85
2015	Issuance of shares following exercise of BSAAR	€28,975.50
2016	Cash issuance of ordinary shares	€128,062,917.90
	TOTAL FUNDS RAISED	€255,157,960.62

10.1.2. Debt Financing

Repayable and conditional advances

As of December 31, 2016, the Company has received four conditional advances from BPI France.

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 €345 thousand.

Lastly, as of December 31, 2016, repayable public grants totaled € 3,549 thousand compared with €3,998 thousand at December 31, 2015.

For further information, please refer to note 6.12.1.1 – "Refundable and conditional advances" to the consolidated financial statements for the year ended December 31, 2015, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016" of this Registration Document, for more information.

Bank loans

At December 31, 2016, the Company has received eight loans intended, in particular, to finance the acquisition of scientific and IT equipment.

Crédit du Nord	In April 2016, GENFIT borrowed: • a € 500k loan • repayable in five years • at the effective interest rate of 0.78%. As of December 31, 2016, the principal amount outstanding was €434k.
Banque Neuflize 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, 2016, the principal amount outstanding was €25k (2015: € 75k).

	In June 2016, GENFIT borrowed: • a € 500k loan • repayable in three years • at an effective interest rate of 1.10%. As of December 31, 2016, the principal amount outstanding was € 418k.
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, 2016, the principal amount outstanding was € 305k (2015: € 403k).
Banque Nationale de Paris Paribas	In June 2016, GENFIT borrowed : • a €500k loan • repayable in 20 trimesters • at the effective interest rate of 0.8%. At December 31, 2016, the principal amount outstanding was €475 thousand.
Banque Nationale de Paris Paribas	In October 2016, GENFIT borrowed: • a €1,050k loan • repayable in 20 trimesters • at the effective interest rate of 0.8%. As of December 31, 2016, the loan had not yet been drawn down.
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, 2016, the principal amount outstanding was € 283K (2015: €408k).
Crédit Industriel et Commercial	In December 2016, GENFIT borrowed: • a € 264.6k loan • repayable in 60 months • at the effective interest rate of 0.69%. As of December 31, 2016, the loan had not yet been drawn down.

10.1.3. Financing through finance leases

At December 31, 2015, the finance leases entered into during the previous years have expired; the Company has exercised the purchase options.

During 2016, CM-CIC Bail and the Company entered into a master leasing agreement with a purchase option for scientific equipment for a maximum amount of €2 million. An amendment to this agreement in January 2017 modified that amount to €1,659 thousand and is valid until June 30, 2017. The difference from the initial amount of the agreement was granted as a loan (see above). Furthermore, during 2016, NatioCreditMur (BNP Paribas) and the Company entered into a master leasing agreement in an amount of €1,050 thousand which term was extended by amendments to June 30, 2017.

See also section 5.2.2 – "Principal Ongoing Investments" of this Registration Document.

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

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

Cash flows from operating activities	Year ended	
(in € thousands)	2015/12/31	2016/12/31
+ Net loss	(17 135)	(33 667)
+ Non-controlling interets	0	0
+ Amortization	327	630
+ Depreciation & impairment charges	237	186
+ Expenses related to share-based compensation	2 012	11
- Gain / (loss) on disposal of property, plant & equipment	3	0
+ Net finance expenses / (revenue)	(27)	45
+ Income tax expense	0	35
+ Other non-cash items	10	(338)
Operating cash flows before change in working capital	(14 572)	(33 098)
Decrease (+) / increase (-) in inventories	219	14
Decrease (+) / increase (-) in trade receivables & other assets	946	(2 942)
Decrease (-) / increase (+) in trade payables & other liabilities	(1 462)	8 828
Change in working capital	(298)	5 900
Income tax paid	0	(28)
Net cash flows provided by (used in) operating activities	**(14 870)**	**(27 226)**

Cash flows from investment activities	Year ended	
(in € thousands)	2015/12/31	2016/12/31
- Acquisition of property, plant & equipment	(790)	(2 036)
+ Proceeds from disposal of property, plant & equipment	2	(0)
Investment activities - operations	(788)	(2 036)
- Acquisition of financial instruments	(16)	(51)
+ Proceeds from sale of financial instruments	4 300	0
- Acquisition of subsidiary, net of cash acquired	0	0
Investment activities - finance	4 284	(51)
Net cash flows provided by (used in) investment activities	**3 496**	**(2 086)**

Cash flows from financing activities	Year ended	
(in € thousands)	2015/12/31	2016/12/31
+ Proceeds from issue of share capital (net)	2	121 007
+ Proceeds from subscription / exercise of share warrants	267	50
+ Proceeds from new loans & borrowings	807	1 500
- Repayments of loans & borrowings	(1 609)	(1 034)
- Financial interests paid (including finance lease)	13	(43)
Net cash flows provided by (used in) financing activities	**(520)**	**121 480**

10.2.1. Cash flow from operating activities

In 2016, cash flow from operating activities amounted to €(27,226)k compared to €(14,870)k in 2015.

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

10.2.2. Cash flow from investment activities

Cash flow from investment activities was €(2,086)k in 2016 compared to €3,496k in 2015.

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; and
- Acquisition of capital assets.

10.2.3. Cash flow from financing activities

In the 2016 and 2015 fiscal years, cash flow from financing activities amounted to €121,480k and €(520)k, respectively. This significant change is mainly due to the absence of any share capital increases in 2015, and raising a total gross amount of €128.1 million via the following three transactions:

- A share capital increase via private placement in February 2016 with gross proceeds of €49.6 million;
- A share capital increase via private placement in October 2016, with gross proceeds of €33.9 million;
- A share capital increase with preferential subscription rights to existing shareholders in November 2016 with gross proceeds of €44.6 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 investment levels in research for its various ongoing programs and, in particular, for its drug candidate elafibranor.

The other elements of cash flow are:

- New loans and public financing

In 2016, the Company took out new loans in a total amount of €2,815k. A total amount of €1,500k was drawn down from these new loans.

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

- Repayment of loans and public financing

In 2016, the Company repaid €133k in repayable and conditional advances and €892k in bank loans and a loan with a participation feature.

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

10.3. RESTRICTION ON THE USE OF EQUITY

With the exception of security deposits (€ 141 thousand) and deposits and sureties (€ 276 thousand) recognized as non-current and current financial assets as of December 31, 2016, the Company is not subject to any restriction on the use of its equity.

10.4. OFF BALANCE SHEET COMMITMENTS

See notes 6.7- "Trade and other Receivables" and 6.28 – "Events after the Reporting Period" to the consolidated financial statements for the year ended December 31, 2016, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016" .of this Registration Document.

10.5. SOURCES OF EXPECTED FINANCING REQUIRED TO PAY CERTAIN UNDERTAKINGS

The sources of financing expected to pay certain undertakings described in section 5.2.3 – "Principal Planned Future Investments" of this Registration Document are described in that section.

The financing of rents du for rented real estate described in section 8.1 – "Description of real estate properties" of this Registration Document comes from the Company's available cash.

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

11.1. RESEARCH AND DEVELOMENT ACTIVITIES

The majority of the Company's business activities are focused on the pharmaceutical research and development of innovative drug candidates and biomarker candidates. The Company also focuses on its research programs for the screening of molecules from the pharmacopeia. These activities are described in detail in chapter 6 – "Overview of the Group's Activities" 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 results from patent applications and patents on drug candidates, patent applications and patents on innovative methods and tools, production methods, registered trademarks, domain names and copyrights as well as, more generally, all of the Company's know-how.

This intellectual property protects mainly innovative results from the research and development activities carried out internally by GENFIT.

11.2.1. Intellectual property protection at GENFIT

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

This department is in charge of the protection of innovations by preparing and filing the strongest patent applications possible, 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, ensuring compliance with the Company's 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.

The intellectual property department also manages other intellectual property rights and the contracts concerning said rights.

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.

11.2.2. GENFIT's proprietary patent and patent application portfolio

The Company's patent portfolio is constantly evolving and is regularly evaluated in order to ensure its adequacy with respect to the activities and objectives of the Company, in particular relating to the molecules under development.

At the date of this Registration Document, the Company's portfolio is made up exclusively of patents and patent applications held in the Company's name.

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.

As of the date of this Registration Document, the patent portfolio includes 424 pending patent applications and active patents, representing 33 patent families, of which 15 are related to the drug candidate elafibranor, and each of which corresponds to a specific invention. Overall, 340 patents were granted or delivered.

All of the published patent applications (priority or international applications) included in the Company's portfolio are listed in the table below. This table does not include, therefore, new patent applications not yet published at the date of this Registration Document (15 families in total).

Summary table of the patent families held by the Company and published at the date of this Registration Document.

Family	PCT Application	Title of PCT Application (1)	Priority Date (2)	Status (3)
1	WO2004005243	composition based on substituted 1,3-diphenylprop-2-en-1-one derivatives, preparation and uses thereof	07/08/2002	Granted (4) : AU, CA, CN, EA (MD, RU), EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, PT, RO, SE, SI, SK, TR), IL, IN, JP, KR, MX, NO, NZ, PH, PL, SG, US (main patent + 2 divisional), ZA Pending (5) : BR
2	WO2004005233	substituted 1,3-diphenylprop-2-en-1-one derivatives and preparation and uses thereof	07/08/2002	Granted: AU, BR, CA, CN, EA (MD, RU), EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, PT, RO, SE, SI, SK, TR), IL, IN, JP, KR, MX, NO, NZ, PH, PL, SG, US (main patent + 1 divisional), ZA
3	WO2005005369	Preparation of 1,3-diphenylprop-2-en-1-one derivatives	07/08/2003	Granted : AU, BR, CA, CN, EA (MD, RU), EP (AT, BE, CH, DE, DK, ES, FR, GB, HU, IE, IT, LU, MC, NL, SE), IL, IN, JP, KR, MX, NO, NZ, PH, PL, SG, US, ZA Pending: BR
4	WO2005073184	1,3-diphenylprop-2-en-1-one derivative compounds, preparation method and uses of same	01/08/2004	Granted: EA (MD, RU), EP (BE, CH, DE, FR, GB, IE), US

Family	PCT Application	Title of PCT Application (1)	Priority Date (2)	Status (3)
5	US7566737 (6)	Combinations of substituted 1,3-diphenylprop-2-en-1-one derivatives with other therapeutically active ingredients	07/08/2002	Granted : US
6	WO2007147879	substituted 1,3-diphenylpropane derivatives, preparations and uses thereof	06/21/2006	Granted : AU, CA, CN, EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, PL, PT, RO, SE, SI, SK, TR), IL, IN, JP, KR, SG, US Pending : CN (divisional)
7	WO2007147880	substituted 1,3-diphenylpropane derivatives, preparations and uses thereof	06/21/2006	Granted: AU, CA, CN, EA (MD, RU), EP (AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, PL, PT, RO, SE, SI, SK, TR), IL, JP, KR, MX, NZ, PH, SG, US, ZA Pending : BR, IN, NO
8	WO2011064350	Use of 1,3-diphenylprop-2-en-1-one derivatives for treating liver disorders	11/26/2009	Granted: AU, CN, EA (MD, RU), EP AL, AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HU, IE, IT, LT, LU, LV, MC, MK, NL, NO, PL, PT, RO, SE, SI, SK, TR), HK, IL, JP, MX, NZ, PH, SG, US (main patent + 3 divisionals), ZA Pending : BR, CA, CN (divisional), EP (divisional), HK (divisional), IL (divisional), IN, JP (divisional), KR, US (divisional)
9	WO2011144579	Improved preparation of chalcone derivatives	05/17/2010	Granted : AU, CN, EA, IL, JP, MX, NZ, PH, SG, US, ZA Pending: BR, CA, EP, HK, IN, KR
10	WO2014111584	Methods of treatment of fibrosis and cancers	01/18/2013	Pending : AU, BR, CA, CN, EA, EP, HK, IL, IN, JP, KR, MD, MX, NZ, PH, SG, US, ZA
11	WO2008087366	Substituted 3-phenyl-1-(phenylthienyl)propan-1-one and 3-phenyl-1-(phenylfuranyl)propan-1-one derivatives, and preparation and use of same	12/29/2006	Granted : AU, CA, CN, EA (MD, RU), EP (BE, CH, DE, ES, FR, GB, IE, IT, LU, MC, NL), IL, IN, JP, KR, NZ, SG, US Pending: BR
12	WO2009153496	PPAR agonist compounds, preparation and uses	05/26/2008	Granted: EP (BE, CH, DE, ES, FR, GB, IE, IT, LU, MC, NL), HK, US
13	WO2013045519	Derivatives of 6-substituted triazolopyridazines as Rev-erbalpha agonists	09/11/2011	Granted: AU, JP, US, ZA Pending: BR, CA, CN, EA, EP, HK, IL, IN, MX, US (divisionary)
14	WO2013098374	1,3-diphenylpropane derivatives, preparations and uses thereof	12/28/2011	Granted: AU, IL, JP, NZ, SG, US, ZA Pending: BR, CA, CN, EA, EP, HK, IN, KR, MX, PH
15	WO2016102633	RORgamma modulators and uses thereof	12/23/2014	International PCT application which should enter into national/regional stage before 06/23/2017

Family	PCT Application	Title of PCT Application (1)	Priority Date (2)	Status (3)
16	WO2002016638	Method for identifying substances useful for treating inflammation using the response element to the I kappa B alpha ROR receptor	08/23/2000	Granted : AU, EP (BE, CH, DE, FR, GB, LU, MC), US
17	WO2007085775	Use of 15-lipoxygenase inhibitors for treating obesity	01/30/2006	Granted : US
18	WO2017046181	Method for diagnosing and evaluating non-alcoholic steatohepatitis	09/14/2015	International PCT application which should enter national/regional stages before 03/14/2018

NB : AU : Australia ; CA : Canada ; CN : China ; EA : Eurasia ; MD : Moldavia ; RU : Russia ; EP : Europe ; AL : Albania ; AT : Austria ; BE : Belgium ; BG : Bulgaria ; CH : Switzerland ; CY : Cyprus ; CZ : Czech Republic ; DE :Germany ; DK : Denmark ; EE : Estonia ; ES : Spain ; FI : Finland ; FR : France ; GB : United Kingdom ; GR : Greece ; HU : Hungary ; IE : Ireland ; IT : Italy ; LT : Lithuania ; LU : Luxemburg ; LV : Latvia ; MC : Monaco ; MK : Macedonia; NL : Netherlands ; NO : Norway ; PL : Poland ; PT : Portugal ; RO : Romania ; SE : Sweden ; SI : Slovenia ; SK : Slovakia ; TR : Turkey) ; HK : Hong Kong ; IL : Israel ; IN : India ; JP : Japan ; KR : South Korea; MX : Mexico ; NZ : New Zealand; PH : Philippines ; SG : Singapore ; US : United States of America; ZA : South Africa.
(1) PCT Application (Patent Cooperation Treaty): In the field of patents, an "international" application may be filed under P.C.T. (Patent Cooperation Treaty); The PCT Treaty is in force, as of January 14, 2010, in 142 countries including France. The international application is filed with a receiving Office, for example the INPI in France, and indicates the Contracting States in which protection is sought. An international search report is drawn up and accompanies a written opinion which may give rise to a reply. At the initiative of the applicant, a preliminary examination may be requested on an optional basis within the prescribed time limits and after completion of the required formalities. This examination results in the preparation of an international examination report. The applicant must then file national or regional patent applications in all or some of the designated States. These States shall then examine the corresponding applications, taking into account, where appropriate, the international search report and the international examination report but applying their national laws.
(2) Priority date: the patent priority date is the date corresponding to the first filing made (filing of a national, European or international application)
(3) Status : The progress of the procedure for the grant of a patent may vary from one country to another for the same invention. Moreover, the scope of the claims of a patent application is likely to change in the context of the substantive reviews carried out by the National or Regional Offices in which protection is sought. When a patent is issued, its maintenance depends on the regular payment of maintenance fees.
(4) Delivered: delivered patent following review by the competent authority, in a given country or region, following the application filed by the Company in the given country/region
(5) Pending : a patent application under review by the competent authority
(6) A U.S. CIP (Continuation-in-part) patent from the US 10/520,079 (from the WO2004005233) patent

This portfolio includes principally 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. It also includes patent applications for diagnostics.

The Company continuously aims to optimize the protection of its products, a protection focused on the molecules themselves, on their production process, and on their use (seeking to prevent 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.

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.

The Company's proprietary portfolio is composed on three categories of patents:

11.2.2.1. Patent and patent applications related to elafibranor

Elafibranor is a molecule synthesized and developed by the Company, in particular which is currently undergoing Phase III of its clinical development in NASH. As of the date of this Registration Document, 329 patent applications and patents concern elafibranor, representing 15 separate patent families.

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.

Thirteen 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 pathologies, or therapeutic uses. 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 cholangitis (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 283 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 five 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" and in particular, section 4.2.1 – "Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights" of this Registration Document.

11.2.2.2. Patents and patent applications relating to dosing/diagnostic tools, including biomarkers

As of the date of this Registration Document, this category of inventions primarily includes 12 priority or international applications of the total 424 in its portfolio, representing 4 patent families, including two families of biomarkers.

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 contribute to its exclusivity over the use of and the freedom to operate the new tools and methods it uses to conduct its research. 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" and in particular, section 4.2.1 – "Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights" of this Registration Document.

In addition, they reinforce 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.

11.2.2.3. Patents and patent applications on new molecules and their uses (excluding elafibranor) or on new therapeutic indications

As of the date of this Registration Document, this category of inventions includes 82 patent applications or patents of the total 424 in the Company's portfolio, representing 14 patent families. They represent nearly 19% of its portfolio and the number of patent applications and patents should continue to grow in the future.

These patent applications and patents claim intellectual property rights over new families of molecules developed in the Company's laboratories including from the TGFTX4 program targeting new anti-fibrotic drug candidates and the TGFTX1 program for the discovery of drug candidates targeting RORγt.

11.2.3. Patents on drug candidates developed in the context of collaborative research alliances

The agreements historically signed in the context of the Company's 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. Nevertheless, this is not the case for molecules or diagnostic methods or tools developed by the Company on its own, nor for elafibranor for which the entire patent portfolio is held by the Company.

To date, Sanofi is the only partner who has the rights to develop a drug candidate in the context of a collaborative research alliance, the other partners having decide not to develop or to stop development of the results of the other co-research alliances at the date of this Registration Document. For further information, please refer to chapter 22 – "Material Contracts" of this Registration Document.

11.2.4. 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.

11.2.5. 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.

11.2.6. 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 2016, 2015 and 2014 fiscal years are presented in note 6.19.1 – "Research and development expenses" to the consolidated financial statements for the year ended December 31, 2016, which can be found in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016"., note 6.20 to the consolidated financial statements for the year ended December 31, 2015 and note 1.2.2.8 to the consolidated financial statements for the year ended December 31, 2014, incorporated by reference into this Registration Document.

12. TREND INFORMATION

Market trends are described in section 6.6.5 – "Market and competition for elafibranor" of this Registration Document.

The important events of 2016, the Company's strategy and the next stages of its development are described respectively in section 5.1.5 – "Key Events in the Development of the Group's Activities" and section 6.3 – "Strategy" of this Registration Document.

The uncertainties relating to the future prospects and business of the Company are described in chapter 4 – "Risk factors" of this Registration Document.

Lastly, first quarter 2017 information concerning the Company's cash positions and results is provided in section 20.1.1 – "Consolidated financial information for the fiscal year ended December 31, 2016"of this Registration Document.

13. PROFIT FORECASTS OR ESTIMATES

The Company does not provide 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 but intends to propose to the Combined General Meeting scheduled for June 16, 2017, to become a *société anonyme* with a Board of Directors whose Chairman and Chief Executive Officer would be the current Chairman of the Executive Board. In response to the Company's international growth and to provide it with the means to accompany this evolution on the corporate level, the Company considered that this transformation would allow it to be closer to international standards and more likely to allow the Company to welcome the expert board members whom it wishes to recruit to accompany its development in the years to come.

If the shareholders and the new Board of Directors to be appointed approve this proposal, the current Chairman of the Executive Board is expected to be appointed Chairman of this new Board and Chief Executive Officer of the Company. Should the shareholders not approve this amendment, the current Chairman of the Executive Board would retain his current position. In any case, on this occasion and regardless of whether Mr Jean-François Mouney becomes Chairman and Chief Executive Officer or remains Chairman of the Executive Board, his employment contract will be suspended or terminated and he will have a new and sole corporate officer contract (*contrat de mandat social*).

The principles and criteria for the setting, distribution and granting of the fixed, variable and exceptional compensation (including the Incentive Plan described in section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)" of this Registration Document) making up the total compensation and benefits in kind of those corporate officers falling within the scope of articles L.225-37-2 or L.225-82-2 of the Commercial Code (as the case may be) for the 2017 fiscal year shall be subject to the approval of the Combined Shareholders Meeting scheduled for June 16, 2017 in accordance with the "Sapin II" Law.

14.1. MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

14.1.1. Executive Board

The Executive Board is comprised of the following people:

Jean-François MOUNEY, 61 years old, French Chairman of GENFIT SA Executive Board		**Number of GENFIT shares held : 9,266 shares 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		
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 Chairman of the Board of Directors of The NASH Education Program™, endowment fund	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, **55 years old, French** **Member of the Executive Board of GENFIT SA**		**Number of GENFIT shares held : 2,879 shares and 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		
1st appointment : Supervisory Board of July 3, 2008 – 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		
Executive Vice President, Finance and Administration, GENFIT SA Director, GENFIT CORP Member of the Executive Board of Genfit Pharmaceuticals SAS Director and Treasurer, The NASH Education Program™, endowment fund	None	

Dean HUM , **54 years, Canadian** **Member of the Executive Board of Genfit SA**		**Number of GENFIT shares held : 11 shares and 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		
1st appointment : Supervisory Board of May 13, 2014	End of the current office : May 13, 2019	
OPERATIONAL 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 **75years old, French** **Chairman of GENFIT SA Supervisory Board, of which he is an independent member. Member of the Nomination and Compensation Committee and member of the Audit Committee**		**Number of GENFIT shares held :** **1,144 shares**
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the ESSCA (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 director of several companies. He holds offices with Atlanta (a start-up based in Nantes), Delpharm Holding (pharmaceutical manufacturing), Hemarina, a start-up located in Morlaix and Medsenic (start-up based in Strasbourg). 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		
1st appointment : October 18, 2006 Last renewal : 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		
Director: Atlanta and Hermarina Member of the Board of partners of Delpharm Holding. Chairman of the Strategic Committee of Medsenic Vice-President of the Board of Directors of The NASH Education Program™	During the last five years, Xavier Guille des Buttes has also held the following offices and positions, which he no longer holds : Director, Diagast Member of the Supervisory Board of Ouest Angels	

Charles WOLER **66 years old, French** **Vice-Chairman and independent member of the Supervisory Board of Genfit SA – Chairman of the Nomination and Compensation Committee**		**Number of Genfit's shares held :** **64 shares**
PROFESSIONAL EXPERIENCE / EXPERTISE		
A medical graduate, Charles Woler 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		
1st appointment : October 18, 2006 Last renewal: 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		
Chairman of the Board of Directors, Deinove* Non-executive director, Atlantic Healthcare (UK)Chief Chairman of the Supervisory Board of InflamAlps (Swiss) Chairman of the Board of Synexus (UK) Chairman of Eurofins Biologie Spécialisée Chairman of CiToxlab Chairman of Novellusdx (Israel) Chairman of Ocon Medical (Israel) **Listed company: cooptation subject to ratification by the shareholders' meeting*	During the last five years, Charles Woler has also held the following offices and positions, which he no longer holds : Executive Officer of Biomnis Chairman of BioDS Chief Executive Officer of Endotis Pharma Member of the Supervisory Board of Gastrotech Chairman of seed funding ITI	

Frédéric DESDOUITS **49 years old, French** **Independent member of the Supervisory Board of Genfit SA and member of the Nomination and Compensation Committee**		**Number of Genfit's shares held :** **111 shares**
PROFESSIONAL EXPERIENCE / EXPERTISE		
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). Frédéric Desdouits is a member of the Supervisory Board of CiToxLab and board observer on the Board of Directors of Orphelia Pharma. 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. He is a CEFA (Certified European Financial Analyst) and Certified in Global Management from INSEAD.		
TERM OF OFFICE		
1st appointment : June 20, 2014	End of the current office : 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 Supervisory Board member, CiToxLab Board observer, Orphelia Pharma (representing Pierre Fabre)	During the last five years, Frédéric Desdouits has not held any other offices or positions.	

BIOTECH AVENIR, represented by Florence SEJOURNE 45 years old, French Supervisory Board member of Genfit SA – Member of the Audit Committee		**Number of Genfit's shares held : 1,804,957 shares Number of Genfit shares held by Florence Séjourné : 64 and 9.9% of Biotech Avenir**
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the Ecole des Mines of Paris (Biotechnology option) and holding a masters 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 to2008. Since then, she is Chairwoman of Da Volterra.		
TERM OF OFFICE		
1st appointment : At creation of the Company, September 15, 1999 Last renewal: 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		
Chairman of the Company Da Volterra Member of the Executive Committee of Biotech Avenir	During the last five years, Florence Séjourné has not held any other offices or positions.	

Philippe MOONS* **65 years old, French** **Independent member of the Supervisory Board of Genfit SA – Chairman of the Audit Committee**		**Number of Genfit's shares held : 248**

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

1st appointment : 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	End of the current office : 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.

14.1.4. Executive Committee

On December 8, 2016, the Executive Board decided to put in place an Executive Committee, including the members of the Executive Board, a non statutory body that ensures the operational management of the Company through the activities and responsibilities of its members. This Committee ensures perfect coordination between the different scientific, strategic, financial and legal activities of the Company. The Committee is made up of the following people :

Chairman:	Jean-François Mouney, Chairman of the Executive Board
Members:	Dean Hum, Chief Scientific Officer Nathalie Huitorel, Chief Financial and Administrative Officer Sophie Mégnien, Chief Medical Officer Jean-Christophe Marcoux, Chief Strategy Officer Laurent Lannoo, Corporate Secretary, Director of Legal Affairs

The biographies of the Executive Board members can be found at section 14.1.1 – "Executive Board" of this Registration Document.

Sophie Mégnien is an expert in the clinical development of cardiometabolic diseases (hypercholesterolemia, diabetes) and their vascular (atherosclerosis) and hepatic complications. After studying in several countries, including the United States, Sophie Mégnien obtained her degree in Medicine from the University of Paris VI. She completed her internship in the field of clinical trial monitoring. Since then, she has held a number of posts as Project Manager in the R&D departments of various international pharmaceutical companies such as Smithkline Beecham, Glaxo Wellcome and Bayer. After ten years as a Project Manager, Sophie Mégnien became a consultant in Quality Management and Procedures at Sunnikan Consulting before joining Naturalpha, a company specializing in the coordination of clinical projects in the cardiovascular, metabolic and nutrition fields. Sophie Mégnien is currently Chief Medical Officer at GENFIT.

Jean-Christophe Marcoux is an engineer, and graduated from INSA Lyon in France, having spent part of his time at the University of Leeds in England, and also holds a degree in Strategic Management and Economic Intelligence from EGE in France. For nearly 15 years, he led international projects and programs in a variety of industrial sectors, in particular in Europe and Asia, and with client and colleagues in the United States. In 2012, he joined IMS Health, now Quintiles IMS, the leading global information and technology services company providing clients in the healthcare industry, where he lead projects in healthcare systems: patient longitudinal studies, forecasting, targeting, profiling, prospective analyses, digital healthcare and innovation. He joined GENFIT at the end of 2015 to play a cross-disciplinary role regarding tactical, strategic

and operational matters and was named Chief Strategy Officer at the end of 2016. He is also Corporate Secretary of The NASH Education Program™, the endowment fund created by GENFIT at the end of 2016.

Laurent Lannoo graduated from Lille law school with a degree in Business Law (DESS Juriste d'Entreprise). He began his professional career at M&M, a consulting firm, in 1994, becoming partner in 1996. One of the consulting projects led him to join Eurasanté, the public agency for the economic development of healthcare activities in the Nord – Pas de Calais region of France in 1995, where he was in charge of finance and administration (20 employees). Thereafter, he was the Corporate Secretary of the Cœur et Artères foundation and chairman of its executive board from 2005 to 2008. In 2008, he joined GENFIT as Corporate Secretary and Director of Legal Affairs.

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, Founder's 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 – "Management and members of the supervisory Board" of this Registration Document concerning the sale of their interest in the Company.

15. RÉMUNÉRATION AND BENEFITS

15.1. RÉMUNÉRATION 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 decided 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'interessement)" of the Registration Document).

As indicated in the introduction to Chapter 14 – « Administrative, management and supervisory bodies and senior management », following the Combined Shareholders Meeting scheduled for June 16, 2017 and which shall vote on the change of governance of the Company, Mr Jean-François Mouney's employment contract shall be suspended or terminated and he will have a new and sole corporate officer contract (*contrat de mandat social*) as, depending on the outcome, Chairman and Chief Executive Officer or Chairman of the Executive Board.

In 2014, they also received for redeemable share subscription warrants (BSAAR). Since 2016, the executive officers are eligible for stock options and free shares, subject to internal and external performance conditions.

Compensation for non-executive corporate officers, independent individuals on the Supervisory Committee, consists 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, 2016 and 2015 and the compensation received by these same individuals during these same fiscal years.

Tables 4 and 6 show the equity linked instruments and free shares allocated to each executive officer or non-executive officer, during the 2016 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 5, 7 and 10 recommended by the AMF for transparency of compensation for corporate officers do not apply.

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

The following table summarizes the compensation, options and shares granted to each executive officer for the last two fiscal years:

Summary table of compensation (1) and options and shares granted to each executive officer		
	Year ended December 31, 2015	Year ended December 31, 2016
Jean-François MOUNEY - Chairman of the Executive Board		
Compensation due for the financial year	676 005 €	1 323 064 €
IFRS 2 valuation of options granted during the financial year	0 €	57 620 €
IFRS 2 valuation of free shares granted during the financial year		29 526 €
TOTAL	**676 005 €**	**1 410 210 €**
Nathalie HUITOREL - Member of the Executive Board		
Compensation due for the financial year	228 940 €	353 236 €
IFRS 2 valuation of options granted during the financial year		57 620 €
IFRS 2 valuation of free shares granted during the financial year		28 449 €
TOTAL	**228 940 €**	**439 305 €**
Dean HUM - Member of the Executive Board		
Compensation due for the financial year	474 944 €	710 717 €
IFRS 2 valuation of options granted during the financial year		57 620 €
IFRS 2 valuation of free shares granted during the financial year		26 694 €
TOTAL	**474 944 €**	**795 031 €**

(1) Gross amount.

15.1.2. Table n° 2: Summary table of remuneration allocated to each executive officer

The following table summarizes the remunerations due to the executive officers for the fiscal years ended December 31, 2016 and 2015 and the remuneration received by these same officers during such fiscal years.

Summary table of compensation (1) for each executive officer				
	Year ended December 31, 2015		Year ended December 31, 2016	
	Amount due	Amount paid	Amount due	Amount paid
Jean-François MOUNEY - Chairman of the Executive Board				
Fixed annual compensation	487 272 €	472 272 €	561 265 €	543 573 €
Variable compensation				
Exceptional compensation	167 927 €	140 761 €	739 418 €	662 186 €
Board attendance fees				
Benefits in kind	20 806 €	20 806 €	22 381 €	22 381 €
TOTAL	**676 005 €**	**633 838 €**	**1 323 064 €**	**1 228 140 €**
Nathalie HUITOREL - member of the Executive Board				
Fixed annual compensation	148 335 €	143 720 €	153 038 €	148 310 €
Variable compensation				
Exceptional compensation	77 237 €	63 598 €	196 830 €	123 735 €
Board attendance fees				
Benefits in kind	3 368 €	3 368 €	3 368 €	3 368 €
TOTAL	**228 940 €**	**210 686 €**	**353 236 €**	**275 414 €**
Dean HUM - member of the Executive Board				
Fixed annual compensation	251 419 €	242 573 €	257 502 €	248 656 €
Variable compensation				
Exceptional compensation	220 029 €	149 542 €	449 718 €	379 021 €
Board attendance fees				
Benefits in kind	3 497 €	3 497 €	3 497 €	3 497 €
TOTAL	**474 944 €**	**395 611 €**	**710 717 €**	**631 174 €**

(1) Gross amounts.

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'interessement)" of this Registration Document.

The Nomination and Compensation Committee sets the criteria for determining the compensation of the directors and officers for the current fiscal year and must determine the criteria for any variable compensation paid to the officers.

The difference between the amounts paid and the amounts due in the table above is related to the use of a Time Savings Account.

15.1.3. 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 (In euros)	Amounts due* 2015	Amounts paid* During the year 2015	Amounts due* 2016	Amounts paid* During the year 2016
Xavier GUILLE DES BUTTES				
Attendance fees	20 935 €	20 935 €	26 465 €	26 465 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**20 935 €**	**20 935 €**	**26 465 €**	**26 465 €**
Charles WOLER				
Attendance fees	6 715 €	6 715 €	10 270 €	10 270 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**6 715 €**	**6 715 €**	**10 270 €**	**10 270 €**
Frédéric DESDOUITS				
Attendance fees	9 085 €	9 085 €	15 010 €	15 010 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**9 085 €**	**9 085 €**	**15 010 €**	**15 010 €**
BIOTECH AVENIR				
Represented by Florence Séjourné				
Attendance fees	0 €	0 €	0 €	0 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**0 €**	**0 €**	**0 €**	**0 €**
Philippe MOONS				
Attendance fees	4 740 €	4 740 €	11 850 €	11 850 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**4 740 €**	**4 740 €**	**11 850 €**	**11 850 €**
TOTAL	**41 475 €**	**41 475 €**	**63 595 €**	**63 595 €**

* After déduction of a 21% compulsory levy at source

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

On December 15, 2016, the Management Board, after having consulted with and obtained the favorable opinions of the Supervisory Board and the Compensation and Nomination Committee of the Company, decided to grant stock options to the three members of the Executive Board in accordance with the delegation of authority granted by the Extraordinary Shareholders' Meeting of June 21, 2016. These allocations are part of the implementation of several equity compensation instruments for the benefit of employees of the Group (see section 17.4 – "Employee shareholding" of this Registration Document). Unlike the BSAAR and BSA, the stock options are subject to a number of conditions, including internal performance conditions related to the Company's operational objectives for clinical development, and conditions related to the share price performance of the Company (see in particular footnotes 2 and 3 of the table below). These conditions are assessed over a period of three years and reflect the Company's mid-term objectives.

The change in the Company's governance mentioned in Chapter 14 – « Administrative, management and supervisory bodies and senior management" and which should result from the decision of the Combined Shareholders Meeting on June 16, 2017 will not itself have an impact on the rights of the beneficiaries of options to exercise such instruments at the end of the three year vesting period (subject to exercise conditions described below being satisfied at such date).

The following table summarizes the stock options granted during the financial year to each corporate officer at the date of this Registration Document.

At the date of this Reference Document, none of these stock options have been exercised.

Stock options granted to each corporate officer during the financial year							
	Date of the Executive Board meeting	Plan Name/N°	Nature of the options	Valuation of the options (1)	Number of options granted during the financial year	Exercise Price	Term of exercise
Jean-François Mouney	12/15/2016	SO 2016-1	Subscription	€11.12	6 667	€15.79	12/16/2019-12/16/2026 (2)
	12/15/2016	SO 2016-2	Subscription	€11.12	3 333	€15.79	12/16/2019-12/16/2026 (3)
Nathalie Huitorel	12/15/2016	SO 2016-1	Subscription	€11.12	6 667	€15.79	12/16/2019-12/16/2026 (2)
	12/15/2016	SO 2016-2	Subscription	€11.12	3 333	€15.79	12/16/2019-12/16/2026 (3)
Dean Hum	12/15/2016	SO 2016-1	Subscription	€11.12	6 667	€15.79	12/16/2019-12/16/2026 (2)
	12/15/2016	SO 2016-2	Subscription	€11.12	3 333	€15.79	12/16/2019-12/16/2026 (3)

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

(2) Vesting is subject to a condition of continued employment and the following performance conditions evaluated at December 15, 2018 and/or December 15, 2019.

a) Internal conditions

66 2/3% of the stock options will be exercisable, regardless of the variation of the stock market price, in the following events:

(i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in the PBC) has revealed its first results and/or principal results and these results have been published; and

(ii) if, on the date of the Allocation Decision, the launch authorization for at least one of the new clinical trials among the projected clinical trials has been obtained, either:
- a clinical trial with elafibranor within a NASH subpopulation; or
- a clinical trial with respect to fibrosis within the TGFTX4/repositioning program.

b) External conditions

33 1/3 % of the stock options will be exerciseable in proportion to the evolution of the stock market price, as follows :

(i) if the Final Price is strictly lower than the Initial Price, the number of the Stock Options exercisable is equal to 0;

(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exercisable is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of Stock Options;

(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Stock Options exercisable is equal to the whole one-third of the Stock Options allocated.

(3) Vesting is subject to a condition of continued employment and the following performance conditions evaluated at December 15, 2019.

a) Internal conditions

66 2/3 % of the stock options will be exercisable, regardless of the variation of the stock market price, if at least one of the three conditions is fulfilled:

(i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or

(ii) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either:
- Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for elafibranor (PBC); or
- Clinical trials with a product in Phase III (elafibranor) within a NASH subpopulation; or

(iii) if at least one licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company.

b) External conditions

33 1/3 % of the stock options will be exerciseable in proportion to the evolution of the stock market price, as follows :

(i) if the Final Price is strictly lower than the Initial Price, the number of the Stock Options exercisable is equal to 0;

(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exercisable is equal to: [(Final Price / Initial Price)-1]/2 x 1/3 of number of Stock Options ;

(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Stock Options exercisable is equal to the entire one-third of the Stock Options allocated.

The three Executive Board members must hold at least 10% of the shares resulting from the exercise of the options as registered shares, above and beyond the holding period, and until they are no longer corporate officers.

15.1.5. Table n° 5: stock options exercised during the fiscal year by each executive officer

Table n° 5 recommended by the AMF regarding transparency of the compensation of corporate officers is not applicable since no stock options were exercised during the fiscal year.

15.1.6. Table n° 6: free shares granted to each corporate officer during the fiscal year

On December 15, 2016, the Executive Board, after having consulted with and obtained the favorable opinions of the Supervisory Board and the Compensation and Nomination Committee of the Company, decided to grant free shares to the three members of the Executive Board in accordance with the delegation of authority granted by the Extraordinary Shareholders' Meeting of June 21, 2016. These grants are part of the implementation of several equity compensation instruments for the benefit of employees of the Group (see section 17.4 – "Employee shareholding" of this Registration Document). Unlike the BSAAR and BSA, the free shares are subject to a number of conditions, including internal performance conditions related to the Company's operational objectives for clinical development, and conditions related to the share price performance of the Company (see in particular footnotes 2 and 3 of the table below). These conditions are assessed over a period of three years and reflect the Company's mid-term objectives.

The change in the Company's governance mentioned in chapter 14 – "Administrative, management and supervisory bodies and senior management" and which should result from the decision of the Combined Shareholders Meeting on June 16, 2017 will not itself have an impact on the definitive vesting of the free shares on their beneficiaries at the end of the three year vesting period (subject to exercise conditions described below being satisfied at such date).

The following table summarizes the free shares granted during the financial year to each corporate officer at the date of this Registration Document.

At the date of this Reference Document, none of these free shares have vested.

Free shares awarded to each corporate officer during the financial year						
	N° and date of plan	Number of free shares awarded during the financial year	Valuation of shares (1)	Vesting date	Availability date	Performance conditions
Jean-François Mouney	AGA D 2016-1	1 828	€20.78	(2)	12/16/2019 (2)	(3)
	AGA D 2016-2	914	€20.78	12/16/2019	12/16/2019	(4)
Nathalie Huitorel	AGA D 2016-1	1 761	€20.78	(2)	12/16/2019 (2)	(3)
	AGA D 2016-2	881	€20.78	12/16/2019	12/16/2019	(4)
Dean Hum	AGA D 2016-1	1 653	€20.78	(2)	12/16/2019 (2)	(3)
	AGA D 2016-2	826	€20.78	12/16/2019	12/16/2019	(4)

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

(2)
The vesting date varies depending on having met the performance conditions and continued employment with the Company. Subject to meeting the performance conditions and continued employment with the Company, the AGA D 2016-1 may be vested, in full or in part, definitively on December 16, 2018, with a one year holding period, or on December 16, 2019, without a holding period.

(3)
a) Internal conditions
66 2/3 % of the Free Shares will be definitively vested, regardless of the variation of the stock market price, in the following events:
(i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in PBC) has revealed its first results and/or principal results and these results have been published; and
(ii) if, on the date of the Allocation Decision, the authorization to launch at least one of the new clinical trials among the projected clinical trials has been obtained, either :
- a clinical trial with elafibranor within a NASH subpopulation; or
- a clinical trial with respect to fibrosis within the TGFTX4/repositioning program.

b) External conditions
33 1/3 % of the Free Shares will be definitively vested in proportion to the evolution of the stock market price of the Company , as follows :
(i) if the Final Price is strictly lower than the Initial Price, the number of the Free Shares definitively acquired is equal to 0;
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of free shares definitively acquired is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of Free Shares;
(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Free Shares definitively acquired is equal to the entire one-third of the Free Shares allocated.

(4)
a) Internal conditions
66 2/3% of Free Shares shall be definitively vested, regardless of the evolution of the stock market price if at least one of the three following conditions is met:
(i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or
(ii) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either:
-Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for Elafibranor (PBC); or
- Clinical trials with a product in Phase II (Elafibranor) within a NASH subpopulation; or
(iii) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company.

b) External condition
33 1/3% of the Free Shares shall be definitively vested in proportion to the evolution of the stock market price, as follows:
(i) if the Final Price is strictly lower than the Initial Price, the number of the Free Shares definitively vested is equal to 0;
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Free Shares definitively vested is equal to: [(Final Price / Initial Price)-1]/2 x 1/3 of number of Free Shares;
(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Free Shares definitively acquired is equal to the entire one-third of the Free Shares awarded.

The three Executive Board members must hold at least 10% of the shares after vesting as registered shares, above and beyond the holding period, and until they are no longer corporate officers.

15.1.7. Table n° 7: free shares definitively vested for each corporate officer

Table n°7 recommended by the AMF regarding transparency of compensation for corporate officers is not applicable because none of the free shares have definitively vested.

15.1.8. Table n° 8: history of equity-linked instruments allocated by the Company to officers

The table summarizes the history of allocation of equity linked instruments allocated by the Company to corporate officers and still in place at the date of this Registration Document.

In 2014, Genfit established a BSAAR (warrant) 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. The change in the Company's governance mentioned in Chapter 14 – « Administrative, management and supervisory bodies and senior management" and which should result from the decision of the Combined Shareholders Meeting on June 16, 2017 will not itself have an impact on the rights of the beneficiaries of the BSAAR to exercise such instruments, subject to meeting the condition of continued employment/presence at the Company described above at the date of such exercise.

Historical awards of BSAAR Information on the Redeemable Share Warrants (BSAAR) granted to corporate officers			
	BSAAR 2014 A	BSAAR 2014 B	BSAAR 2014 C
Date of shareholders' meeting	04/02/14	04/02/14	04/02/14
Date of Executive Board	09/15/14	09/15/14	09/15/14
Exercice conditions	1 warrant / 1.03 shares Exercisable in tranches of 1/3 of the BSAAR owned by the beneficiary		
Subscription period	From 09/19/2014 to 10/15/2014	From 05/07/2014 to 05/29/2015	From 07/06/2015 to 07/31/2015
Number of shares to be subscribed by corporate officers	6 078	18 357	18 711
- by Jean-François Mouney	3 212	6 424	6 424
- by Nathalie Huitorel	1 030	6 424	6 424
- by Dean Hum	1 836	5 508	6 424
Starting date of exercise of BSAAR	09/15/2015	09/15/2015	09/15/2015
BSAAR expiration date	09/15/2018	05/04/2019	07/01/2019
Issue price	€5.61	€5.61	€5.61
Exercise price	€23.50	€23.50	€23.50
Shares subscribed at the date of this Registration Document	0	0	0
BSAAR cancelled or lapsed	0	0	0
BSAAR remaining at the date of this Registration Document	6 078	18 357	19 272

Historical awards of stock options Information on the optons granted to corporate officers		
	SO 2016-1	SO 2016-2
Date of shareholders' meeting	06/21/2016	06/21/2016
Date of Executive Board	12/15/2016	12/15/2016
Exercise conditions	(1)(2)	(1)(3)
Shares available for subscription by corporate officers	20 001	9 999
- by Jean-François Mouney	6 667	3 333
- by Nathalie Huitorel	6 667	3 333
- by Dean Hum	6 667	3 333
Initial exercise period	12/16/2019 (4)	12/16/2019 (4)
Option expiration date	12/16/2026	12/16/2026
Subscription price(5)	€15.79	€15.79
Shares subscribed at the date of this Registration Document	0	0
Cancelled or lapsed options	0	0
Options remaining at the date of this Registration Document	20 001	9 999

(1)
1 option/ 1 share ; Exercisable in tranches of 1/3 of the options owned by the beneficiary

(2) Vesting is subject to continued employment with the Company, and performance conditions evaluated at December 15, 2018 and/or December 15, 2019.
a) Internal conditions
66 2/3 % of the stock optons will be exerciseable, regardless of the variation of the stock market price, in the following events:
(i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in PBC) has revealed its first results and/or principal results and these results have been published; and
(ii) if, on the date of the Allocation Decision, the authorization to launch at least one of the new clinical trials among the projected clinical trials has been obtained, either :
- a clinical trial with elafibranor within a NASH subpopulation; or
- a clinical trial with respect to fibrosis within the TGFTX4/repositioning program.

b) External condition
33 1/3 % of the stock options will be exerciseable in proportion to the evolution of the stock market price of the Company, as follows :
(i) if the Final Price is strictly lower than the Initial Price, the number of Stock Options exerciseable is equal to 0;
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exerciseable is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of Stock Options;
(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of of Stock Options exerciseable is equal to the entire one-third of the Stock Options granted.

(3) Vesting is subject to continued employment with the Company and performance conditions evaluated at December 15, 2019.
a) Internal conditions
66 2/3% of the Stock Options will be exerciseable, regardless of the evolution of the stock market price if at least one of the three following conditions is met:
(i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or
(ii) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either:
- Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for Elafibranor (PBC); or
- Clinical trials with a product in Phase II (Elafibranor) within a NASH subpopulation; or
(iii) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company.

b) External condition
33 1/3% of the stock options will be exerciseable in proportion to the evolution of the stock market price, as follows:
(i) if the Final Price is strictly lower than the Initial Price, the number of Stock Options exerciseable is equal to 0
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exerciseable is equal to: [(Final Price / Initial Price)-1]/2 x 1/3 of number of Stock Options ;
(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Stock Options exerciseable is equal to the entire one-third of the Stock Options granted.

(4)
Subject to satisfying the performance conditions and continued employment with the Company.

(5)
The exercise price of the options was set at 80% of the volume weighted average price of the 20 trading days preceding the allocation decision date.

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.

Historical awards of equity linked instruments
Information on the 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 shareholders' meeting	04/02/2014	04/02/2014	04/02/2014	04/02/2014
Date of Executive Board	07/24/2014	07/24/2014	01/09/2015	01/09/2015
Exercise conditions	1 warrant / 1.03 shares			
	Exerciseable by tranches of a minimum of 2,000 warrants, or a multiple thereof, except for remaining balance			
Subscription periods	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
Shares available for subscription by non executive officers	24 087	24 087	7 225	7 225
- by Xavier Guille des Buttes	14 451	14 451	-	-
- by Charles Woler	9 636	9 636	-	-
- by Frédéric Desdouits	-	-	7 225	7 225
Start of exercise of BSA	11/01/2014	03/01/2015	06/01/2015	12/01/2015
Expiration date of BSA	09/30/2018	02/28/2019	05/31/2019	11/30/2019
Issuance price	€0.01	€0.01	€0.01	€0.01
Exercise price	€23.50	€23.50	€35.95	€35.95
Shares subscribed at the date of this Registration Document	0	0	0	0
Warrants cancelled or void	0	0	0	0
Warrants remaining at the date of this Registration Document	23 385	23 385	7 015	7 015

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

Regarding grants of stock options, see section 15.1.4 – "Table n° 4: instruments giving access to capital allocated to each officer during the fiscal year" of this Registration Document.

15.1.9. Table n° 9: stock options granted to the first ten employees (excluding officers) and options exercised by such persons

Stock otions granted to the top ten employees (not including corporate officers) and options exercised by such persons(1)						
	Total number of stock options or BSAAR granted/shares subscribed or purchased	Average weighted price	BSAAR 2016-A	BSAAR 2016-B	SO 2016-1	SO 2016-2
BSAAR and stock options granted, during the period, to the 10 employees having the most options	54 175	€14.96	7 200	3 600	28 916	14 459
Options held and exercised during the period by the 10 employees	0	–	–	–	–	–

(1) Does not include the members of the Executive Board who are also employees of Genfit SA

For the conditions and terms of the stock options plans, see section 17.4 – "Employee shareholding" of this Registration Document.

15.1.10. Table n° 10: history of free share allocations

Table 10 recommended by the AMF regarding transparency of compensation to corporate officers is not applicable. Regarding free shares granted to corporate officers during the fiscal year, see section 15.1.4 – "Table n° 4: instruments giving access to capital allocated to each officer during the fiscal year" of this Registration Document.

15.1.11. 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		Compensation or benefits due or likely to be due in respect of the termination or change in position		Non-compete indemnity	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-François Mouney **Chairman of the Executive Board** Date of 1st appointment: 09/15/1999 Term of office: 07/03/2018	X (1)			X	X (2)			X
Nathalie Huitorel **Member of the Executive Board** Date of 1st appointment: 07/03/2008 Term of office: 07/03/2018	X			X	X (3)			X
Dean Hum **Member of the Executive Board** Date of 1st appointment: 05/13/2014 Term of office: 05/13/2019	X			X	X (4)			X

(1) The Company has maintained this contract until now because of its long history and the separate technical functions that Mr. MOUNEY exercises in the business development and management of the Company's equity financing. This employment contract will be suspended or terminated and a new and sole corporate officer contract (contrat de mandat social) *will be proposed to him, as the case may be, as Chairman and Chief Executive Officer or Chairman of the Executive Board after the General Meeting of June 16, 2017, which is to decide on the proposed change in the Company's method of governance as set out in Chapter 14 of this Registration Document. He is also provided (and will continue to be provided from) an affiliation to the social security scheme for corporate executives (GSC).*

(2) Jean-François MOUNEY has an employment contract as CEO (directeur général). *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' salary (13th month bonus included) and increased by additional compensation of one month's salary per year of service within the Company. The commitment (gross amount + employers' contributions) at the end of 2016 amounted € 1,173k. In accordance with the Recommandation R16 of the Middlenext Code, this indemnity is capped at 2 years gross compensation. Mr. Jean-François Mouney's employment contract will be suspended or terminated and he will be offered a new and sole appointment as Chairman and Chief Executive Officer or Chairman of the Executive Board, as the case may be, after the Combined Shareholders' Meeting scheduled for June 16, 2017, to decide on the change in the Company's mode of governance as set out in Chapter 14 of this Registration Document. Consequently, at the end of this meeting, this severance package will be terminated (and will not be paid to the extent that Jean-François Mouney continues to manage the Group) and replaced by a severance package also capped at two years of fixed and variable gross compensation, but also subject to performance conditions reflecting the Company's medium-term interest. This severance will be subject to the vote of the shareholders both under the "TEPA" law (article L.225-42-1 or L.225-90-1 of the French Commercial Code, as the case may be) and the "Sapin II" law (article L.225-37-2 or L.225-82-2 of the Commercial Code, as the case may be).*

(3) Nathalie HUITOREL has an employment contract as Chief Financial Officer. Under the terms of her employment contract, she is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or willful miscounduct). She is also entitled to contractual severance pay in the event of dismissal (other than in the case of gross negligence or willful misconduct) of six months' salary, calculated on the basis of the last 12 months' salary (13th month bonus included) and increased by additional compensation of one month's salary per year of service with the Company. The committment (gross amount + employers' contributions) at the end of 2016 amounted to €218k. In accodance with Recommandation R16 of the Middlenext Code, this indemnity is capped at two years' gross compensation. In addition, the indemnity is subject to performance conditions (see section 19.3 "Statutory auditors' report on related party agreements established in the fiscal year ended December 31, 2016").

(4) Dean HUM has an employment contract as Chief Scientific Officer. Under the terms of his employment contract, he is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or willful miscounduct). He is also entitled to contractual severance pay in the event of dismissal (other than in the case of gross negligence or willful misconduct) of six months' salary, calculated on the basis of the last 12 months' salary (13th month bonus included) and increased by additional compensation of one month's salary per year of service with GENFIT. The committment (gross amount + employers' contributions) at the end of 2016 amounted to €607k. In accodance with Recommandation R16 of the Middlenext Code, this indemnity is capped at two years' gross compensation. In addition, the indemnity is subject to performance conditions (see section 19.3 "Statutory auditors' report on related party agreements established in the fiscal year ended December 31, 2016").

15.2. AMOUNTS SET ASIDE BY THE COMPANY FOR PENSIONS, RETIREMENT AND OTHER BENFITS 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.

These amounts are indicated in note 6.26 – « Compensation of Key Management Personnel of the Group » of the consolidated accounts in section 20.1.1 – « Consolidated financial information for the fiscal year ended December 31, 2016 » of this Registration Document.

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

The shareholding of the executive and non-executive officers is as follows as of the date of this Registration Document:

Executives and officers	Number of shares	% share capital	Number of shares resulting from potential exercise of BSAAR and options and vesting of free shares	Number of shares resulting from potential exercice of BSA (warrants)	% total after potential exercise of BSSAR, optons, BSA and vesting of free shares
Jean-François Mouney(1)(3)	9 266	0.03%	28 802	NA	0.12%
Nathalie Huitorel	2 879	0.01%	26 520	NA	0.09%
Dean Hum(1)	11	0.00%	26 248	NA	0.08%
Xavier Guille des Buttes(3)	1 144	0.00%	NA	28 902	0.10%
Charles Woler(3)	64	0.00%	NA	19 271	0.06%
Frédéric Desdouits	111	0.00%	NA	14 451	0.05%
Philippe Moons	248	0.00%	NA	NA	0.00%
Biotech Avenir (1)(3)	1 804 957	5.79%	NA	NA	5.74%
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.

(3)
These people are parties to a shareholders' agreement. See section 18.3 - "Control of the Company"

15.4. SUMMARY OF TRANSACTIONS BY OFFICERS AND PERSONS MENTIONED IN ARTICLE L.621-18-2 OF THE FINANCIAL AND MONETARY CODE IN COMPANY SECURITIES DURING THE FISCAL YEAR

Relevant persons	Type of transaction	Date	Amount of transaction in euros
Jean-François MOUNEY	Exercise of rights and purchase of shares	10/17/2016	€13,241.80
Biotech Avenir (1)	Sale of rights	10/20/2016	€737,575.40
Biotech Avenir (1)	Exercise of rights and purchase of shares	10/20/2016	€491,676.90
Nathalie HUITOREL	Exercise of rights and purchase of shares	10/17/2016	€4,118.40
Dean HUM	Exercise of rights and purchase of shares	10/17/2016	€14.30

(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.

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 chapter 14 – "Administrative, management and supervisory bodies and senior management" and section 21.2.2 – "Members of the Executive Board and Supervisory Board" 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 2016 fiscal year, which can be found in Appendix 3 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. 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 2016 fiscal year, the Audit Committee met three times, and the attendance rate was 78%.

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 2016 fiscal year, which can be found in Appendix 3 of this Registration Document.

16.3.2. Nomination and Compensation Committee

The Nomination 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 Middlenext Code's set criteria.
As of the date of this Registration Document, the members of this Committee are:

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

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

The Nomination 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
- make proposals to the Supervisory Board concerning the elements of compensation or benefits granted to senior executives and corporate officers.

Over the course of the 2016 fiscal year, the Nomination and Compensation Committee met three times, and the attendance rate was 89%.

In addition, the Nomination 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 2016 fiscal year, which can be found in Appendix 3 of this Registration Document.

16.3.3. Scientific Advisory Board

The Scientific Advisory Board is not a Supervisory Board committee within the meaning of Article R. 225-29 of the French Commercial Code. The Executive Board selects its members who are compensated by the Company for the time spent in the Scientific Advisory Board as scientific consultants. Some of its members also hold share warrants (BSA) described in the Section 21.1.3 – "Financial Instruments Granting Access to the Share Capital" of this Registration Document.

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 2016 fiscal year, which can be found in Appendix 3 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, as updated in September 2016 (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. The Board Charter is regularly updated to take into account changes in regulations applicable to the Board and its members and was last updated on December 15, 2016 with respect to the regulatory changes following the implementation of the European Regulation 596-2014 of April 16, 2014 on Market Abuse.

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.

As indicated in the following table, the Company believes it is in compliance with most of the MiddleNext Code's recommendations.

Middlenext Code Recommandation	Adopted	Will be adopted(1)	Under consideration	Will not be adopted
I. Supervisory Power				
R1 : Board member ethics	X			
R2 : Conflicts of interest	X			
R3 : Board composition- presence of independent members	X			
R4 : Informing Board members	X			
R5 : Organization of Board and Committee meetings	X			
R6 : Implementation of Committees	X			
R7 : Implementation of a Board charter	X			
R8 : Choice of board members	X			
R9 : Terms of office for Board members	X			
R10 :Board member compensation	X			
R11 : Implementation of Board evaluations	X			
R12 : Relationship with "shareholders"	X			
II. Executive Power				
R13 : Definition and transparency of compensation of executive officers	X			
R14 : Executive officer sucession planning	X			
R15 : Culmulating employement contract with executive office		X		
R16 : Severance benefits	X			
R17 : Supplementary pension scheme	X			
R18 : Stock options and free shares	X			
R19 : Review of points of particular concern	X			

(1) The Supervisory Board had authorized until now the maintenance of this contract because of its long history and the separate technical function that Mr. MOUNEY exercises in the business development and management of the Company's equity financing. This employment contract will be suspended or terminated and a new and sole corporate officer contract (contrat de mandat social) will be proposed to him, as the case may be, as Chairman and Chief Executive Officer or Chairman of the Executive Board after the General Meeting of June 16, 2017, which is to decide on the proposed change in the Company's method of governance as set out in Chapter 14 of this Registration Document.

(2) The Company's Nomination and Compensation Committee considered, in particular, that the nature and number of corporate offices held outside of the Group by each of the board members is compliant with the R1 Recommendation of the Middlenext Code

(3) The Company's Nomination and Compensation Committee considered, in particular, that there are no conflicts of interest between the Company and the members of the Supervisory Board, within the meaning of Recommendation R2 of the Middlenext Code, in particular in light of the positions certain of them hold outside of the Group, including in listed biopharmaceutical companies.

(4) The Company's Nomination and Compensation Committee considered in particular that, with the exception of Biotech Avenir represented by Ms Florence Séjourné, all of the members of the Supervisory Board are independent within the meaning of the R3 Recommendation of the Middlenext Code.

Chapter 1.2 of the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control for the 2016 fiscal year, included in Appendix 3 of this Registration Document, describes the recommendations with which the Company does not comply and the reasons therefore:

- The Company does not currently comply with recommendation R15 (numbered R1 in the Report of the Chairman in reference to the numbering of the same recommendation in the previous version of the Code). The Company nevertheless intends to comply with this recommendation subject to the sovereign decision of a future shareholders' meeting that will be called upon to vote on this point, the intention to transform the Company's governance to a corporate with a board of directors in the conditions referred to in Chapter 14 – "Administrative, management and supervisory bodies and senior management" above.
- The Company applies Recommendation R18 (numbered R5 in the Report of the Chairman in reference to the numbering of the same recommendation in the previous version of the Code) by conditioning the benefit of stock options and free shares on performance conditions; which was not the case for the BSAAR granted in 2014 to executive officers. The Company considers nevertheless that the recommendation is not applicable to the BSAAR plan because it does not specifically target this type of instrument which, in contrast to the stock options and free shares, are acquired at their market value and therefore include a capital risk for their beneficiaries.
- The Company also explains the application of the criteria to evaluate the independence of the Supervisory Board member; although the criteria were slightly modified in the new version of the Middlenext Code does not change the conclusion in the Report of the Chairman: only Biotech Avenir, represented by Ms Florence Séjourné is not independent under these criteria.

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;
- implementation 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 2016 fiscal year, which can be found in Appendix 3 of this Registration Document.

17. EMPLOYEES

17.1. HUMAN RESOURCES

At December 31, 2016 and December 31, 2015, headcount was as follows:

Number of employees - Consolidated data	Year ended	
	2015/12/31	2016/12/31
Average number of employees	90	108
Average age of employees	37 years & 6 month:	37 years & 2 months
Number of employees		
Research & development	74	89
Administration & management	23	30
TOTAL	**97**	**119**
Number of employees		
Senior staff	59	77
Staff	37	40
Others (apprentices)	1	2
TOTAL	**97**	**119**
Number of employees		
Senior staff	39	43
Staff	58	76
TOTAL	**97**	**119**

GENFIT SA employees are based at the Company's headquarters in Loos and in Paris (France) and GENFIT Corp employees work in Cambridge, Massachusetts in the United States of America.

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

The Executive Board granted BSAAR, stock options and free shares to certain non-executive officer employees of the Company. See in particular section 15.1.9 – "Table n° 9: stock options granted to the first ten employees (excluding officers) and options exercised by such persons" of this Registration Document for the grants of BSAAR and stock options.

The main characteristics of these instruments are described in section 17.4 – "Employee shareholding" of this Registration Document.

17.3. EQUITY, SHARE WARRANTS, FOUNDER'S SHARE WARRANTS, STOCK OPTIONS, AND FREE SHARES GRANTED TO CORPORATE OFFICERS

Regarding the direct and indirect participation of the salaried corporate officers in the Company, see sections 15.1.4 – "Table n° 4: instruments giving access to capital allocated to each officer during the fiscal year", 15.1.6 – "Table n° 6: free shares granted to each corporate officer during the fiscal year", 15.1.8 – "Table n° 8: history of equity-linked instruments allocated by the Company to officers" and 15.3 – "Summary table of shareholding of members of executive board and supervisory board of the company" of this Registration Document.

17.4. EMPLOYEE SHAREHOLDING

Pursuant to authorizations granted by the Combined Shareholders Meetings on April 2, 2014 and February 24, 2015, the Company put in place in September 2014 and July 2016, two share warrant plans (Bons de Souscription et/ou d'Acquisition d'Actions Remboursables) (BSAAR 2014 and BSAAR 2016) for members of the Executive Board and non corporate officer employees of the Company:

- 5,901 BSAAR 2014-A, 17,822 BSAAR 2014-B et 18,711 BSAAR 2014-C were subscribed by members of the Executive Board during the 2014 and 2015 fiscal years;
- 9,299 BSAAR 2014-A, 5,416 BSAAR 2014-B, 5,568 BSAAR 2014-C, 7,200 BSAAR 2016-A et 3,600 BSAAR 2016-B were subscribed by non-corporate officer employees of the Company during the 2014, 2015 and 2016 fiscal years.

833 BSAAR 2014-A et 400 BSAAR 2014-C were exercised by non corporate officer employees as of this Registration Document (see details in note 6.20 – "Share-Based Compensation" of the consolidated financial statements for the year ended December 31, 2016 provided in Appendix 1 of this Registration Document.).

The main terms of the BSAAR and the amount outstanding at the date of this Registration Document are summarized below:

Grant and Subscription of BSAAR Non officer employees	BSAAR 2014-A	BSAAR 2014-B	BSAAR 2014-C	BSAAR 2016-A	BSAAR 2016-B
Date of shareholders' meeting	04/02/2014			02/24/2015	
Date of Executive Board meeting	09/15/2014	09/15/2014	09/15/2014	07/22/2016	07/22/2016
Subscription period	From 09/19/2014 au 10/15/2014	From 05/07/2015 to 05/29/2015	From 07/06/2015 to 07/31/2015	From 07/25/2016 to 07/27/2016	
Total number of BSAAR subscribed by non officer employees	9 299	5 416	5 568	7 200	3 600
Start of BSAAR exercise period	09/15/2015			01/01/2018 (3)	08/01/2019 (4)
BSSAR expiration date	09/15/2018	05/04/2019	07/01/2019	07/27/2020	
BSAAR issue price	€5.61			€4.60	
BSAAR exercise price (1) (2)	€23.50			€23.50	
Terms of exercise	1 BSAAR / 1.03 shares Exercisable by tranches of BSAAR equal to 1/3 of the number held by each beneficiairy				
				(3)	(4)
Total number of BSAAR remaining at December 31, 2016	8 466	5 416	5 168	7 200	3 600

(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, less a 13.60% discount.

(2) The exercise price of the 2016 BSAARs corresponds to the volume weighted average closing price of the share during the consecutive 5-day period from July 15 to 21, 2016, less a 6.67% discount.

(3)
The exercise is subject to the following performance condition: that the Company will have, at the date it receives the exercise notice accompanied by the payment of the exercise price, the financial means to carry out its research and development programs, and at the least, its development program for elafibranor in NASH, until at least the end of 2018.

(4)
The exercise is subject to the following performance condition: the Company will have published, on the date it receives the exercice notice accompanied by the exercise price, the main results of the RESOLVE-IT clinical trial for which it is the sponsor.

On December 15, 2016, the Executive Board, using the authorizations granted to it by the 25th and 25th resolutions of the Extraordinary Shareholders' Meeting of June 21, 2016, decided to grant stock options to the members of the Executive Board and certain senior managers, as well as free shares to all Company employees.

These instruments were put in place as motivation and retention instruments for the current teams, to recruit new talents interesting in participating in the Group's future development and include them in obtaining the Group's operational and financial objectives.

These instruments allow the Company to:

- Continue to offer its new employees competitive packages compared with other companies in our sector, in particular U.S. companies ;
- Substantiate in shares a portion of the total profit-sharing of employees in the Company, thus contributing to the alignment of their interests with those of shareholders; and
- Motivate the Company's employees to achieve long-term objectives, and particularly to retain some of them by establishing a direct link between their level of profit sharing and the evolution of Genfit's stock price.

The vesting of the stock options and the free shares is subject to several conditions, including internal performance conditions related to the Company's operational clinical development objectives, and conditions related to the evolution of

the GENFIT stock price (see in particular the notes to the tables below). These conditions are evaluated over a period of three years and reflect the Company's mid-term objectives.
The Executive Board granted 43,375 options to certain members of senior management of the Group (excluding grants to executive officers, for which the specifics are given in section 15.1.4 – "Table n° 4: instruments giving access to capital allocated to each officer during the fiscal year" of this Registration Document).

Exercise of the stock options is subject to certain conditions, including performance conditions described in notes 1 and 2 of the following table.

Grant of stock options Non officer employees	SO 2016-1	SO 2016-2	SO US 2016-1	SO US 2016-2
Date of shareholders' meeting	06/21/2016		06/21/2016	
Date of Executive Board meeting	12/15/2016		12/15/2016	
Total number of options granted to non officer employees	21 916	10 959	7 000	3 500
Start date for exercise of options	12/16/2019 (1)	12/16/2019 (2)	12/16/2019 (1)	12/16/2019 (2)
Option expiration date	12/16/2026		12/16/2026	
Option exercise price	€15.79		€21.12	

(1) Vesting is subject to a condition of continued employment and the following performance conditions evaluated at December 15, 2018 and/or December 15, 2019.

a) Internal conditions
66 2/3% of the stock options will be exercisable, regardless of the variation of the stock market price, in the following events:
(i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in the PBC) has revealed its first results and/or principal results and these results have been published; and
(ii) if, on the date of the Allocation Decision, the launch authorization for at least one of the new clinical trials among the projected clinical trials has been obtained, either:
- a clinical trial with elafibranor within a NASH subpopulation; or
- a clinical trial with respect to fibrosis within the TGFTX4/repositioning program.

b) External conditions
33 1/3 % of the stock options will be exerciseable in proportion to the evolution of the stock market price, as follows :
(i) if the Final Price is strictly lower than the Initial Price, the number of the Stock Options exercisable is equal to 0;
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exercisable is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of Stock Options;
(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Stock Options exercisable is equal to the whole one-third of the Stock Options allocated.

(2) Vesting is subject to a condition of continued employment and the following performance conditions evaluated at December 15, 2019.

a) Internal conditions
66 2/3 % of the Stock Options will be exercisable, regardless of the variation of the stock market price, if at least one of the three conditions is fulfilled:
(i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or
(ii) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either:
- Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for elafibranor (PBC); or
- Clinical trials with a product in Phase III (elafibranor) within a NASH subpopulation; or
(iii) if at least one licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company.

b) External conditions
33 1/3 % of the Stock Options will be exerciseable in proportion to the evolution of the stock market price, as follows :
(i) if the Final Price is strictly lower than the Initial Price, the number of the Stock Options exercisable is equal to 0;
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exercisable is equal to: [(Final Price / Initial Price)-1]/2 x 1/3 of number of Stock Options ;
(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Stock Options exercisable is equal to the entire one-third of the Stock Options allocated.

The Executive Board also granted 22,845 free shares to all of the Company's employees (excluding grants to executive officers which are described at section 15.1.6 – "Table n° 6: free shares granted to each corporate officer during the fiscal year" of this Registration Document).

The definitive grant of free shares is subject to the conditions described in notes 1-4 of the following table.

Grant of free shares Non officer employees	AGA D 2016-1	AGA D 2016-2	AGA S 2016-1	AGA S 2016-2
Date of shareholders' meeting	06/21/2016		06/21/2016	
Date of Executive Board meeting	12/15/2016		12/15/2016	
Total number of free shares granted to non officer employees	4 879	2 439	10 399	5 129
Vesting date for free shares (subject to conditions)	12/16/2018 (1)	12/16/2019 (2)	12/16/2018 (3)	12/16/2019 (4)
End of holding period	12/16/2019	_	12/16/2019	_

(1)
Vesting is subject to continued employment with the Company and meeting the following performance conditions.
a) Internal conditions
66 2/3 % of the Free Shares will be definitively vested, regardless of the variation of the stock market price, in the following events:
(i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in PBC) has revealed its first results and/or principal results and these results have been published; and
(ii) if, on the date of the Allocation Decision, the authorization to launch at least one of the new clinical trials among the projected clinical trials has been obtained, either:
- a clinical trial with elafibranor within a NASH subpopulation; or
- a clinical trial with respect to fibrosis within the TGFTX4/repositioning program.

b) External conditions
33 1/3 % of the Free Shares will be definitively vested in proportion to the evolution of the stock market price of the Company , as follows :
(i) if the Final Price is strictly lower than the Initial Price, the number of the free shares definitively acquired is equal to 0;
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Free Shares definitively acquired is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of Free Shares;
(iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Free Shares definitively acquired is equal to the entire one-third of the Free Shares allocated.

(2)
Vesting is subject to continued employment with the Company and meeting the following performance conditions.
a) Internal conditions
66 2/3% of Free Shares shall be definitively vested, regardless of the evolution of the stock market price if at least one of the three following conditions is met:
(i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or
(ii) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either:
-Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for Elafibranor (PBC); or
- Clinical trials with a product in Phase II (Elafibranor) within a NASH subpopulation; or
(iii) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company.

b) External condition
33 1/3% of the Free Shares shall be definitively vested in proportion to the evolution of the stock market price, as follows:
(i) if the Final Price is strictly lower than the Initial Price, the number of the Free Shares definitively vested is equal to 0
(ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Free Shares definitively vested is equal to: [(Final Price / Initial Price)-1]/2 x 1/3 of number of Free Shares;
(iii)if the Final Price is equal to or higher than the Ceiling Price, the number of Free Shares definitively acquired is equal to the entire one-third of the Free Shares awarded.

(3) Vesting is subject to continued employment with the Company and meeting the following performance conditions. (i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in PBC) has revealed its first results and/or principal results and these results have been published; and (ii) if, on the date of the Allocation Decision, the authorization to launch at least one of the new clinical trials among the projected clinical trials has been obtained, either: - a clinical trial with elafibranor within a NASH subpopulation; or - a clinical trial with respect to fibrosis within the TGFTX4/repositioning program.
(4) Vesting is subject to continued employment with the Company and meeting the following performance conditions. (i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or (ii)if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either: -Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for Elafibranor (PBC); or - Clinical trials with a product in Phase II (Elafibranor) within a NASH subpopulation; or (iii) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company

In addition, certain employees indirectly hold shares of the Company through Biotech Avenir (see the table in section 18.1 – "Distribution 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 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: funding of research and development programs by increasing the Company's share capital, licensing agreements relating to the Company's programs or products, takeover of the Company by a biopharmaceutical group.

On the recommendation of the Executive Board and following the recommendation of the Nomination and Compensation Committee, the Supervisory Board decided at its meeting on February 1, 2016 to approve the renewal of the Incentive Plan for the 2016 and 2017 fiscal years and to set the conditions for its application by the Executive Board insofar as the members of the Executive Board are be eligible under the Plan. On the recommendation of the Executive Board and following the recommendation of the Nomination and Compensation Committee, the Supervisory Board approved, at its meeting of April 21, 2016, the application of this plan to the February 2016 fundraising as well as any further fundraising to be carried out until the end of 2017. The Incentive Plan was thus also implemented as part of the fundraising carried out in October and November 2016.

The 2016-2017 Incentive Plan includes, regardless of the development path considered, a fixed amount, as well as a variable incentive depending on the terms of the underlying financial transactions:

- With respect to share capital increases, this additional incentive varies between 0.75% and 2% of the funds raised, depending on the total amount of the transactions (with a minimum amount under which the Plan cannot be implemented) and price per share at which such transactions are carried out;
- In the case of a licensing agreement(s) for Company programs or products, the incentive is equal to 3% of the upfront payment made by the acquirer (with a minimum upfront payment under which the plan cannot be implemented);
- In the case of a takeover of the Company by a biopharmaceutical group (for example, a successful tender offer for the Company), the incentive varies depending on the valuation of the Company in the transaction (the Incentive Plan cannot be implemented if the transaction valuation is lower than the market capitalization).

In the event of licensing agreement for Company products or programs or the takeover of the Company by a biopharmaceutical group, the amounts resulting from the Incentive Plan are capped. Regardless of the development strategy taken, these amounts are distributed in the following proportions: 40% to the Chairman of the Executive Board and 60% to senior management and similar employees.

In 2016, a total gross incentive amount of €1,780 thousand paid through the Incentive Plan to corporate officers and employees, as resulting from the three fundraisings carried out during the fiscal year for a total amount of €128 million. The amount granted to corporate officers and which is indicated on the line "exceptional compensation" of the table in section 15.1.2 – "Table n° 2: Summary table of remuneration allocated to each executive officer" totaled €796 thousand for the February 2016 capital increase and €471 thousand for the capital increases in October and November 2016.

Furthermore, any application of the Incentive Plan to the corporate officers subject to the « Sapin II » Law shall be submitted to a shareholders vote at the Combined Shareholders Meeting scheduled for June 16, 2017. The Plan will apply regardless of the mode of administration of the Company chosen by the shareholders during such Meeting (see Chapter 14 – Administrative, management and supervisory bodies and senior management» of this Registration Document).

18. MAJOR SHAREHOLDERS

18.1. DISTRIBUTION OF THE SHARE CAPITAL AND VOTING RIGHTS

To the Company's knowledge, at December 31, 2016 the share capital and voting rights of the Company are distributed as follows:

Actionnaires	Nombre d'actions	% du capital	Total droits de vote	% des droits de vote
Biotech Avenir(1)	1 804 957	5,79%	3 542 831	10,50%
Florence Séjourné(2)	64	0,00%	128	0,00%
Xavier Guille des Buttes	1 144	0,00%	1 208	0,00%
Charles Woler	64	0,00%	128	0,00%
Frédéric Desdouits	111	0,00%	111	0,00%
Philippe Moons	248	0,00%	248	0,00%
Total Membres du Conseil de Surveillance	**1 806 588**	**5,80%**	**3 544 654**	**10,51%**
Jean-François Mouney(1)	9 566	0,03%	9 630	0,03%
Nathalie Huitorel(1)	2 879	0,01%	2 879	0,01%
Dean Hum(1)	11	0,00%	11	0,00%
Total Membres du Directoire	**12 456**	**0,04%**	**12 520**	**0,04%**
CVI Investissements	1 317 005	4,99%	1 317 005	3,90%
Université de Lille II	766 250	2,46%	1 532 500	4,54%
Contrat de Liquidité	4 720	0,02%	0	0,00%
Autres actionnaires	27 259 418	87,46%	27 325 062	81,01%
TOTAL	**31 166 437**	**100%**	**33 731 741**	**100%**

(1) Biotech Avenir est détenue à hauteur de 17,1 % par Jean-François Mouney, 6,2% par Dean Hum, 9,9% par Florence Séjourné, 9,6% par 12 salariés de GENFIT et 57 % par des tiers (15 personnes physiques). Nathalie Huitorel ne possède pas d'actions de Biotech Avenir.
(2) Représentant permanent de Biotech Avenir dont elle détient 9,9% du capital.

To the Company's knowledge, there has not been any significant changes in the shareholding since December 31, 2016 and 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). Since this transaction, CVI Investments, Inc declared, following its sale of shares in the market, that is decreased is shareholder, on September 5, 2016, to under 5% of the share capital and voting rights of the Company, to hold, 1,317,005 shares and voting rights, i.e., 4.99% of the share capital and 4.55% of the voting rights of the Company (AMF Document n° 216C2017 dated September 12, 2016).

Following the rights issue settled on November 2, 2016, the Université Lille 2 declared that on November 2, 2016, it had less than 5% of the voting rights of the Company, and held 766,250 shares representing 1,532,500 voting rights of the Company, i.e., 2.46% of the share capital and 4.54% of the voting rights (based on a share capital of 31,166,437 shares and 33,736,406 voting rights)(AMF Document n°216C2594 of November 17, 2016).

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:

Actionnaires	Nombre d'actions	% du capital	Total droits de vote	% des droits de vote
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 Membres du Conseil de Surveillance	**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 Membres du Directoire	**10 990**	**0,05%**	**11 054**	**0,04%**
Université de Lille II	766 250	3,20%	1 532 500	5,78%
Contrat de Liquidité	5 000	0,02%	0	0,00%
Autres actionnaires	21 405 006	89,34%	21 470 363	80,93%
TOTAL	**23 958 904**	**100%**	**26 523 641**	**100%**

(1) Biotech Avenir est détenue à hauteur de 17,1 % par Jean-François Mouney, 6,2% par Dean Hum, 9,9% par Florence Séjourné, 9,6% par 12 salariés de GENFIT et 57 % par des tiers (15 personnes physiques). Nathalie Huitorel ne possède pas d'actions de Biotech Avenir.

(2) Représentant permanent de Biotech Avenir dont elle détient 9,9% du capital.

(3) Membre du Conseil de surveillance depuis le 20/06/2014 en remplacement de CM-CIC Capital Finance

(4) Coopté par le Conseil de Surveillance le 16/07/2015 en remplacement de Finorpa puis confirmé par l'Assemblée Générale du 21 juin 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:

Actionnaires	Nombre d'actions	% du capital	Total droits de vote	% des droits de vote
Biotech Avenir[1]	1 770 574	7,39%	3508448	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]	193483	0,81%	193483	0,81%
Total Membres du Conseil de Surveillance	**1 965 049**	**8,20%**	**3 703 115**	**13,92%**
Jean-François Mouney[1]	89	0,00%	153	0,00%
Nathalie Huitorel[1]	2721	0,01%	2721	0,01%
Total Membres du Directoire	**2 810**	**0,01%**	**2 874**	**0,01%**
Université de Lille II	766250	3,20%	1532500	5,76%
Contrat de Liquidité	2500	0,01%	0	0,00%
Autres actionnaires	21221062	88,58%	21356919	80,30%
TOTAL	**23 957 671**	**100%**	**26 595 408**	**100%**

(1) Biotech Avenir est détenue à hauteur de 17,1 % par Jean-François Mouney, 6,2% par Dean Hum, 9,9% par Florence Séjourné, 9,6% par 12 salariés de GENFIT et 57 % par des tiers (15 personnes physiques). Nathalie Huitorel ne possède pas d'actions de Biotech Avenir.

(2) Représentant permanent de Biotech Avenir dont elle détient 9,9% du capital.

(3) Membre du Conseil de Surveillance jusqu'au 16/07/2015

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.

18.2. EXISTENCE OF DISTINCT VOTING RIGHTS FOR MAJOR 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 flows" 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 and December 19, 2016, his employment contract provides for a fixed monthly salary of €35,385 and the payment of a 13th month. The contract also provides for a company car, the value of which cannot exceed €65 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. The amount of this severance is capped at two years of gross compensation.

Jean-François Mouney is also eligible under the Incentive Plan described in section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)" of this Registration Document.

Employment contract of Nathalie Huitorel (Chief Financial and Administrative Officer): signed on February 11, 2008 and amended most recently on December 22, 2016, her employment contract provides for a fixed monthly salary of €9,456 and the payment of a 13th month. The contract provides for a company car, the value of which cannot exceed €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. In addition, the agreements provides that she is entitled to contractual severance pay in the event of dismissal (other than in the case of gross negligence or willful misconduct) of six months' salary, calculated on the basis of the last 12 months' salary (13th month bonus included) and increased by additional compensation of one month's salary per year of service, subject to performance conditions (see section 19.3 –"Statutory auditor's report on related party agreements established in the fiscal year ended December 31, 2016" of this Registration Document). This severance is capped at two years' gross compensation.

Mrs. Huitorel is also eligible under the Incentive Plan described in section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)"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 December 22, 2016, his employment contract provides for a fixed monthly salary of €17,692 and the payment of a 13th month. The contract includes a non-compete clause, stating that Mr. Hum 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. In addition, the agreements provides that he is entitled to contractual severance pay in the event of dismissal (other than in the case of

gross negligence or willful misconduct) of six months' salary, calculated on the basis of the last 12 months' salary (13th month bonus included) and increased by additional compensation of one month's salary per year of service, subject to performance conditions (see section 19.3 –"Statutory auditor's report on related party agreements established in the fiscal year ended December 31, 2016" of this Registration Document). This severance is capped at two years' gross compensation.

Mr. Hum also benefits from the Incentive Plan described section 17.5 – "Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interessement)"of this Registration Document.

Agreements with Biotech Avenir and The NASH Education Program, an endowment fund

Please refer to note 6.25 – "Related Parties" and 6.27 – "Commitments" of the notes to the consolidated financial statements for the fiscal year ended December 31, 2016 in Appendix 1 of this Registration Document.

19.3. STATUTORY AUDITOR'S REPORT ON RELATED PARTY AGREEMENTS ESTABLISHED IN THE FISCAL YEAR ENDED DECEMBER 31, 2016

Following its annual review of the related party agreements subject to articles L.225-88 and L.225-90-1 of the Commercial Code, the Company provided to its statutory auditors the undertakings in favor of Ms. Nathalie Huitorel and Mr Dean Hum made by the Company during 2016, relating to contractual severance pay described in section 19.2 – "Related Party Transactions" of this Registration Document.

Pursuant to such provisions, the Statutory Auditors made the following report with a view to the review of such undertakings by the Shareholders Meeting called to approve the financial statements for the year ended December 31, 2016.

Special report of the Auditors on agreements and regulated commitments

GENFIT
General Meeting to approve the accounts for the year ended 31st December 2016

To the shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain agreements and regulated commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons why they benefit the company. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article
R. 225-58 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-58 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and regulated commitments submitted for approval by the General Meeting of Shareholders

In accordance with the article L. 225-88 of French Commercial Code (*Code de commerce*), we were notified of the following agreements and commitments which were the object of the prior approval of your supervisory board.

1.1 Agreement between Genfit SA and Ms. Nathalie Huitorel

Agreement resulting from the decisions of the Supervisory board of the Company from 6th June 2016 to 15th December 2016 aiming at updating the Work contract between Ms. Nathalie Huitorel in her capacity as a member of the Management Board and the company will be as follows :

- Granting, in the event of dismissal for any reason other than that of serious or severe misconduct, a contractual allowance of:
    - Six months of gross salary, calculated on the basis of the last twelve months (including bonus known as a thirteenth month provided in the work contract but excluding exceptional bonuses granted within the framework of the Incentive Plan);
    - Increase of one month of gross remuneration (calculated on the same bases) per year of presence in the Company;
    - In the limit of two years of maximum gross salary – including bonuses known as the thirteenth month and excluding exceptional bonuses granted within the framework of the Incentive Plan; these allowances not being combined with the legal and conventional allowances;
    - If and only if, at least one of the following three performance conditions are carried out:
        - At least one collaboration or license agreement within Scenario 1 of the Incentive Plan in effect in the Company and outstanding at the time of termination;
        - At least two of the Company's products are in active phase of clinical development at the time of the dismissal;
        - The Company has changed control within the framework of scenario 2 of the Incentive Plan in force in the Company in the two months preceding the dismissal.

- Extension of the duration of notice period to six months.

Reasons justifying the company's interest in the agreement

Your Board has justified this agreement in the following way:

- That the assumption of such dismissals must be considered in a particular context where the pharmaceutical laboratories with the Company conducts some discussions towards the transfer of operating rights of Elafibranor could consider the pure and simple purchase of the Company as an option;
- That the conditions of granting of such termination indemnities are governed by the Financial Markets Authority and the code of governance chosen by the company (Middlenext Code).

1.2 Agreement between Genfit SA and Mr. Dean Hum

Agreement resulting from the decisions of the Supervisory board of the Company from 6th June 2016 to 15th December 2016 aiming at updating the Work contract between Mr. Dean Hum in his capacity as a member of the Management Board and the company will be as follows : `

- Granting, in the event of dismissal for any reason other than that of serious or severe misconduct, a contractual allowance of :

- Six months of gross salary, calculated on the basis of the last twelve months (including bonus known as a thirteenth month provided in the work contract but excluding exceptional bonuses granted within the framework of the Incentive Plan);
- Increase of one month of gross remuneration (calculated on the same bases) per year of presence in the Company;
- In the limit of two years of maximum gross salary – including bonuses known as the thirteenth month and excluding exceptional bonuses granted within the framework of the Incentive Plan; these allowances not being combined with the legal and conventional allowances;
- If and only if, at least one of the following three performance conditions are carried out:
  - At least one collaboration or license agreement within Scenario 1 of the Incentive Plan in effect in the Company and outstanding at the time of termination;
  - At least two of the Company's products are in active phase of clinical development at the time of the dismissal;
  - The Company has changed control within the framework of scenario 2 of the Incentive Plan in force in the Company in the two months preceding the dismissal.

- Extension of the duration of notice period to six months.

Reasons justifying the company's interest in the agreement

Your Board has justified this agreement in the following way:

- That the assumption of such dismissals must be considered in a particular context where the pharmaceutical laboratories with the Company conducts some discussions for the transfer of the operating rights of Elafibranor could consider the pure and simple purchase of the Company as an option;
- That the conditions of granting of such termination indemnities are governed by the Financial Markets Authority and the code of governance chosen by the company (Middlenext Code).

2 Agreements and commitments already approved by the general meeting

We hereby inform you that we have not been advised of any agreement or commitment already approved by the general meeting whose execution would have continued during the past fiscal year.

Neuilly-sur-Seine and Paris La Défense, 7th February 2017

The Statutory Auditors

Grant Thornton
French Member of
Grant Thornton International

Jean-François Baloteaud
Partner

ERNST & YOUNG et Autres

Franck Sebag Partner

20. FINANCIAL INFORMATION

20.1. HISTORICAL CONSOLIDATED FINANCIAL INFORMATION UNDER IFRS

20.1.1. Consolidated financial information for the fiscal year ended December 31, 2016

The consolidated financial statements for the year ended December 31, 2016 are provided in Appendix 1 of this Registration Document.

20.1.2. Other information verified by the statutory auditors

None.

20.2. PROFORMA INFORMATION

Not applicable.

20.3. STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016, PREPARED IN ACCORDANCE WITH IFRS

Statutory auditors'report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2016, on:

the audit of the accompanying consolidated financial statements of Genfit;

the justification of our assessments;

the specific verification required by law.

These consolidated financial statements have been approved by the executive board. Our role is to express an opinion on these consolidated 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; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

As specified in note 6.3.1 to the consolidated financial statements, management of your company is required to make accounting estimates and assumptions in the financial statements.

As part of our audit of the consolidated financial statements, we deemed that the main elements that are subject to significant accounting estimates and the object of our assessments are the research tax credit, the contingent liability from the ongoing dispute with the tax authorities, and the assumptions of the share based payments calculation.

Regarding the research tax credit and contingent liability from the ongoing dispute with the tax authorities, we have assessed the basis on which these estimates were made and verified that notes 6.3.18.2 and 6.24 to the consolidated financial statements provide appropriate disclosures.

For the share-based payments, we have assessed the methods and assumptions used to determine the fair value, and verified that note 6.3.21 to the consolidated financial statements provides appropriate disclosures.

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

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

Neuilly-sur-Seine and Paris-La Défense, February 7, 2017

The statutory auditors
French original signed by

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

Jean-François Baloteaud

Franck Sebag

20.4. ANNUAL FINANCIAL STATEMENTS UNDER FRENCH ACCOUNTING STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2016

[INTENTIONALLY OMITTED]

20.5. REPORT OF THE STAUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS UNDER FRENCH ACCOUNTING STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2016

[INTENTIONALLY OMITTED]

20.6. DATE OF MOST RECENT FINANCIAL INFORMATION

December 31, 2016.

20.7. DIVIDEND DISTRIBUTION POLICY

20.7.1. Dividends paid over the course of the past three fiscal year

None.

20.7.2. Dividend distribution policy

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

20.8. STATUTORY ACCOUNT FEES

The table of the fees of the statutory auditors in accordance with article 222-8 of the General Regulation of the French Autorité des marchés financiers follows :

Fees granted to statutory auditors - For the year 2015	Ernst & Young & Autres		Grant Thornton	
(in € thousands)	k€	%	k€	%
Auditing				
Auditing, certification of financial statements, examination of parent company and consolidated financial statements				
- Issuer	80	37%	25	84%
- Fully consolidated subsidiaries	0	0%	0	0%
Other tasks and services directly related to the audit				
- Issuer	139	63%	5	16%
- Fully consolidated subsidiaries	0	0%	0	0%
Sub-total	**220**	**100%**	**30**	**100%**
Other services provided by the networks to fully consolidated subsidiaries				
Legal, tax, social	0	0%	0	0%
Others (specifiy if > 10% of audition fees)	0	0%	0	0%
Sub-total	**0**	**0%**	**0**	**0%**
Total	**220**	**100%**	**30**	**100%**

Fees granted to statutory auditors - For the year 2016	Ernst & Young & Autres		Grant Thornton	
(in € thousands)	k€	%	k€	%
Auditing				
Auditing, certification of financial statements, examination of parent company and consolidated financial statements				
- Issuer	65	61%	36	64%
- Fully consolidated subsidiaries	0	0%	0	0%
Other tasks and services directly related to the audit				
- Issuer	42	39%	20	36%
- Fully consolidated subsidiaries	0	0%	0	0%
Sub-total	**106**	**100%**	**57**	**100%**
Other services provided by the networks to fully consolidated subsidiaries				
Legal, tax, social	0	0%	0	0%
Others (specifiy if > 10% of audition fees)	0	0%	0	0%
Sub-total	**0**	**0%**	**0**	**0%**
Total	**106**	**100%**	**57**	**100%**

20.9. LEGAL AND ARBITRATION PROCEEDINGS

See also note 6.24 – "Litigation and Contingent Liabilities" of the notes to the consolidated financial statements for the year ended December 31, 2016.

Dispute with Mr. Jean-Charles Fruchart and his wife

In April 2008, Jean-Charles Fruchart relinquished his position as 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

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 €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. Thus after an initial unsuccessful phase, the Company implemented the second phase of recourse at its disposal on October 17, 2016, at the end of which the Company prevailed in part of its arguments. As a result, the research tax credit adjustment definitively totaled €566 thousand for 2010, €623 thousand for 2011 and €285 thousand for 2012. On January 27, 2017, the Company received a tax assessment notice of €1,479 thousand from the tax authorities. The Company paid the amounts assessed by paying an amount of €338 thousand and requested compensation with the amount withheld in respect of its receivable from the CIR for 2014 (€1,141 thousand, as mentioned below) for the balance.

The Company filed a complaint on February 15, 2017 in order to challenge the aforementioned adjustments.

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 (€1,141 thousand).

During 2016, the tax administration granted the Company's request for the early repayment of the 2015 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 €1,923 thousand, out of the aggregate €20,695.4 thousand in CIRs reported in the 2010 to 2015 financial statements. (see note 6.24 – "Litigation and Contingent Liabilities" of the Consolidated Financial Statements for the fiscal year ended December 31, 2016 available in Appendix 1 of this Registration Document).

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. The request for reimbursement of the 2015 CIR is under review by the French tax authority. The Company has however recognized a provision for this litigation amounting to €160k for contracts, not including joint research agreements, which could be considered as sub-contracting for third parties that are themselves eligible for the research tax credit and for any adjustments related to the type of capital assets eligible for the CIR.

The request for reimbursement for the 2016 CIR will be sent to the French Treasury in April 2017 with the tax returns.

Litigation related to social security contributions

Following an URSAAF (French social security) audit which begun in September 2016 on the 2013, 2014 and 2015 fiscal years, the Company received an observation letter in November 2016 notifying it of a social security contribution assessment of €5 thousand which it contests.

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). In responses dated September 19, 2016, Biotech Avenir and the Chairman of Genfit's Executive Board vigorously contested the claims that were notified to them.

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

20.10. SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION

On April 24, 2017, the Company announced its revenues for the first three months of 2017 and cash and cash equivalents at March 31, 2017. See section 20.11 – "First Quarter 2017 financial information" of this Registration Document.

20.11. FIRST QUARTER 2017 FINANCIAL INFORMATION

On April 24, 2017, the Company announced that on March 31, 2017, its cash and cash equivalents amounted to €137.03 million compared with €102.8 million the previous year. At December 31, 2016, the cash and cash equivalents reached €152.28 million. Its revenues for the first three months of 2017 amounted to €26 thousand compared with €88 thousand for the same period in 2016.

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 € 7,791,609.25, corresponding to 31,166,437 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, 2016, the Executive Board implemented the program authorized by the General Shareholders' Meeting dated February 24, 2015, then, starting from June 21, 2016, that which was authorized by the General Shareholders' Meeting of the same date, identical to the previous one.

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 held in the Company's name	Percentage of share capital
The average stock prive for the year are the yearly volume weighted averages						
Pure repurchase plan	0	0	0	0	0	0
Liquidity agreement						
January 2015	82 845	84 345	44.362	44.564	1 000	0.00%
Feburary 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	33.93	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**	**0,00**	**0,00**		
Contrat de liquidité						
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%
June 2016	35 436	38 429	23.307	23.399	2 123	0.01%
July 2016	11 045	7 354	24.452	24.581	5 814	0.02%
August 2016	11 131	10 813	25.05	24.365	6 132	0.02%
September 2016	44 187	46 634	24.262	24.236	3 685	0.01%
October 2016	20 453	17 473	20.659	20.695	6 665	0.02%
November 2016	28 611	28 571	18.539	18.541	6 705	0.02%
December 2016	40 066	42 051	21.219	21.188	4 720	0.02%
Total 2016	**358 775**	**359 055**	**25.02**	**24.98**		
January 2017	12 824	11 473	21.858	22.012	6 071	0.02%
February 2017	10 035	11 019	21.297	21.334	5 087	0.02%

On February 28, 2017, there were 5,087 treasury 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 15.1.8 – "Table n° 8: history of equity-linked instruments allocated by the Company to officers" of this Registration Document,
- those granted to certain Company employees and listed in section 17.4 – "Employee shareholding" of this Registration Document,
- 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 / 1.03 shares Exercisable in tranches of a 2,000 BSAs minimum, or multiples of 2,000, except for any outstanding balance under 2,000			

- 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.
- 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 31,462,154 shares. This includes the share capital as of the date of this Registration Document (31,166,437 shares) plus the number of shares that could potentially be issued in connection with share plans granting access to the Company's share capital (301,463), as described below, representing a potential dilution of 0.99%.

21.1.4. Authorized Share Capital

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)
13th 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 – "Company Share Repurchase Program" of this Registration Document.		
15th 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)	€779,160.75 (3,116,643 shares) at a price of €14.30 per share on November 2, 2016		€1,250,000
16th 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)	
17th resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, in an amount not to exceed 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.	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 price is set, minus, as the case may be, a maximum discount of 5% of this amount(1)	
19th 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	18 months	€ 1,212,500 (4,850,000 shares)	€423,750 (1,695,000 shares) at a price of €20.00 per share on October 12, 2016	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	

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board		Aggregate maximum nominal amount (in Euros)
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.				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%	
20th 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 15th, 16th, 17th and 19th resolutions.	26 months	15% of the initial issuance			
21st 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 capital, without shareholders' preferential subscription rights.	26 months	Up to 10% of the share capital			
22nd 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)			
24th 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	€1,250,000

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board		Aggregate maximum nominal amount (in Euros)
				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.	
25th 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)	On December 15, 2016, the Executive Board granted 62,875 stock options to subscribe 62,875 shares to employees and corporate officers, with an exercise price of €15.79 and 10,500 stock options to employees in the United States, with an exercise price €21.12	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 the options to purchase shares, pursuant to articles L.225-208 and L. 225-209 of the French commercial Code	
26th resolution: Authorization granted to the Executive Board to allocate existing or new free shares	38 months	€ 12,500 (50,000 shares)	On December 15, 2016, the Executive Board granted 30,808 free shares to employees and corporate officers		
27th 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	

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Executive Board		Aggregate maximum nominal amount (in Euros)
28th 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%.

The 11th resolution approved by the Combined Shareholders Meeting on February 24, 2015 during an Extraordinary session expired on August 25, 2016.

	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)
11th 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)	On July 22, 2016, the Executive Board granted 10,800 BSAAR to subscribe 10,800 to non corporate officer employees, with a subscription price of €4.60 and an exercise price of €23.50	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 rate upon which the issuance price is set, and potentially be discounted by a maximum amount of 15% and; (ii) where appropriate, the conditions of performance.	1.200.000€

21.1.5. Information on the share capital of any member of the Group that is subject to an option or to 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

21.1.6.1. 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			Share premium	Merger premium	Premium
	Number of shares	Face value	Share capital			
At 31 December 2005	150 001	16,00	**2 400 016**	0	0	**0**
06/27/2006 - Division of shares' par 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 & 07/19/2011 - 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**
10/28/2011 - Share capital increase - offset against receivables (BSA 2011)	13 630 578	0,25	**3 407 645**	21 406 881	37 833	**21 444 714**
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**
From 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**
08/01/2012 - Share capital increase - offset against receivables (OCA 2012)	15 148 321	0,25	**3 787 080**	23 690 141	37 833	**23 727 974**
From 09/05/2012 to 10/14/2012 - Conversion of bonds (OCA 2012)	15 969 232	0,25	**3 992 308**	25 437 239	37 833	**25 475 072**
From 12/21/2012 to 03/08/2013 - Share capital increase - offset against receivables (OCA 20	16 029 806	0,25	**4 007 452**	25 415 946	37 833	**25 453 779**
From 12/27/2012 to 04/11/2013 - Conversion of bonds (OCA 2012-2)	17 370 068	0,25	**4 342 517**	30 591 512	37 833	**30 629 345**
04/17/2013 - Private placement	20 299 516	0,25	**5 074 879**	43 294 235	37 833	**43 332 068**
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**
From 04/24/2013 to 08/02/2013 - Conversion of bonds (OCA 2012-2)	20 541 821	0,25	**5 135 455**	44 270 698	37 833	**44 308 531**
02/03/2014 - Share capital increase - maintenance of 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**
29/10/2015 & 04/11/2015 - Augm. capital par exercice de BSAAR	23 958 904	0,25	**5 989 726**	115 720 750	37 833	**115 758 583**
29/02/2016 - Augm. capital par placement privé	26 354 794	0,25	**6 588 699**	163 099 866	37 833	**163 137 699**
10/12/2016 - Private placement	28 049 794	0,25	**7 012 449**	193 895 034	37 833	**193 932 867**
11/02/2016 - Private placement	31 166 437	0,25	**7 791 609**	234 926 121	37 833	**234 963 954**

21.1.6.2. Changes in the Company's share capital distribution since December 31, 2012

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

In 2016, and as of the date of this Registration Document, the Company has carried out three capital increases:

- February 29, 2016, a share capital increase 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 represented a total gross subscription amount of EUR 49.6 million, issue premium included;
- October 12, 2016, a share capital increase without shareholders' preferential subscription rights in the context of a private placement via the issuance of 1,695,000 new shares at the issue price of EUR 20 per share, which represented a total gross subscription amount of EUR 33.9 million, issue premium included; and
- November 2, 2016, a rights issue by issuance of 3,116,643 new shares at a subscription price of €14.30 per share, representing a total gross subscription amount of EUR 44.6 million, issue premium included.

21.1.6.3. Elements potentially having an impact in the event of a tender offer

In accordance with the provisions of article L.225-100-3 of the French Commercial Code, we present the information below that might affect a public offer:

- The Company's capital structure contains no characteristics that might affect a public offer
- There are no statutory restrictions to the exercise of voting rights and share transfers, nor clauses included in the agreements brought to the knowledge of the Company in application of article L.233-11 of the French Commercial Code
- No declarations made under articles L.233-7 and L.233-12 of the French Commercial Code identified direct or indirect investments in the Company's Capital that might affect a public offer;
- There are no securities that include special rights of control. As per the articles of association, the shares that have double voting rights, are mentioned in section 18 – "Major shareholders";
- Biotech Avenir, comprising some of the Company's founders and employees, holds 5.79% of the shares and 10.50% of the voting rights in the Company;
- A shareholder agreement, signed prior to the acceptance of the Company's shares for listing on the Euronext Alternext market in 2006, sets out a preemptive right for Biotech Avenir or any shareholder signatory of the agreement that it may appoint in the event of an off-market transfer plan for all or part of its shares in the company by a shareholder party to said agreement, if the planned transfer, combined with any transfers carried out during a given year, represents a share of at least 2% of the issued capital. As of the date of this report and to the Company's knowledge, the parties to this agreement holding shares in the company are the University of Lille 2, Biotech Avenir, Finorpa SCR, Jean-François Mouney, Xavier Guille des Buttes, and Charles Woler;
- In accordance with articles 14 and 15 of the bylaws, the members of the Executive Board are appointed by the Supervisory Board by unanimous decision less two votes of its members present or represented, or, where the Law allows, attending by video conference or another telecommunication method, and at least the majority of their votes for a 5-year term. The members of the Executive Board may be removed by the General Meeting, ruling under the quorum and majority conditions for Ordinary General Meetings. They may resign at any time. In the event of a vacancy, the Supervisory Board must fill the vacant position within 2 months. In accordance with article 17 of the bylaws, the members of the Supervisory Board are appointed from among the individual or corporate shareholders by the Ordinary General Meeting for 5

years; the latter body may remove them at any time. However, in the event of a merger or division, members of the Supervisory Board may be appointed by an Extraordinary General Meeting. If the seat of a member of the Supervisory Board is vacated between two general meetings of shareholders due to death or resignation, the Supervisory Board may make a temporary appointment which shall be subject to ratification at the next Ordinary General Meeting. In accordance with the terms of article 36 of the bylaws, the Extraordinary General Meeting shall alone be authorized to change any provision in the Bylaws and in particular to decide to transform the Company into a company of another form.

- The Executive Board shall be delegated the powers described in the section 21.1.4 – "Authorized Share Capital" of this Registration Document.

- The Company has signed some contracts explicitly containing change of control clauses. This is true in particular for the contract governing the co-research alliance with Sanofi and some loan contracts.

Mr Jean-François MOUNEY, pursuant to his employment contract as Chief Executive Officer and Nathalie Huitorel and Dean Hum, also pursuant to their employment contracts, are entitled to receive 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 salary and increased by additional compensation of one month's salary per year of service within GENFIT. Nathalie Huitorel and Dean Hum's severance is also subject to performance conditions (see sections 19.2 – "Related Party Transactions" and 19.3 – "Statutory auditor's report on related party agreements established in the fiscal year ended December 31, 2016" of this Registration Document).

In addition, the 2016-1 and 2016-2 and US 2016 1 and US 2016-2 options plans as well as the 2016 AGA S 1 and AGA S 2 and AGA D 1 and AGA D 2 free share plans include conditions for accelerated vesting in the event of a tender offer for shares of the Company. The shares resulting from the definitive vesting of free shares and/or exercise of stock options represent, at the date of the Registration Document, less than 1% of the Company's share capital.

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

21.2.2.1. 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.

21.2.2.2. 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

21.2.3.1. Form of shares (article 9 of the Article of Association)

Registered or bearer.

21.2.3.2. 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.

21.2.3.3. 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.

21.2.3.4. 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.

21.2.3.5. Limitation on voting rights

No clause of the Company's Articles of Association restricts the voting right attached to shares.

21.2.3.6. Identifiable bearer shares (article 9 of the article 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.

21.2.3.7. Share buybacks

See Section 21.1.2 – "Company Share Repurchase Program" of this Registration Document.

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

21.2.5.1. 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.

21.2.5.2. 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.

21.2.5.3. 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.

21.2.5.4. 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. 223-10 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

The Company has not signed any other key contracts, other than those signed in the normal course of business, on the occasion of the historical collaborative research alliances with pharmaceutical laboratories, entered into for the most part at the founding of the Company or during its first years of business.

Since Servier's notification in August 2016 of its decision to stop development of the molecules from the latest co-research program with Genfit, and the decision of the Company to not pursue development thereof on its own, only one of the Company's co-research alliances, with Sanofi, is still in force at the date of this Registration Document.

This collaborative research alliance with Sanofi was launched at the time the Company was founded (in 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 was signed in September 2014, extending the collaborative research phase between both parties' scientific teams until May 2015.

Under the Contract, Genfit received annual payments for its research assistance until the end of the co-research phase in May 2015, as well as a total of €1,600 thousand in milestone payments in connection with the co-research program SAN/GFT2.

As of this Registration Document, the results of this co-research stage are awaiting assessment by the two parties.

If, at the end of this assessment, one or the other parties decided to pursue the development of the molecules coming out of this collaboration et met new scientific milestones provided in the Contract, the party would be required to make the additional payments to its partner:

- a total €8,000 thousand for pursuing its clinical development prior to the product's introduction to market, as the case may be,
- a total €6,000 thousand 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.

Although the Company remains contractually eligible for additional milestone payments, it believes, while awaiting the assessment of the results of the program and the decision of its partner, that the probability to receive such milestones as well as the probability to entered into a new contract extending this collaboration with Sanofi are relatively low.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST

None.

24. DOCUMENTS ON DISPLAY

Copies of this Registration Document can be obtained free of charge from the Company's principal office, at Parc Eurasanté, 885 Avenue Eugène Avinée, 59120 Loos, France. This Registration Document is also available on the Company's website (www.genfit.com) and on the Autorité des marchés (AMF) 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 will 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 – "Organizational structure" and Section 20 – "Financial information" of this Registration Document.

26. CORRESPONDENCE TABLES

26.1. MANAGEMENT REPORT CORRESPONDENCE TABLE

	Information required in the management report	Cross reference in the Registration Document
1	Analysis of the evolution of business, results and financial situation of the Company and indebtedness	Chapters 9 and 10
2	Key financial and other performance indicators, including information regarding the environment and personnel	Chapters 3 and 17 ; Appendix 5
3	Main risks and uncertainties faced by the Company	Chapter 4
4	Use of financial instruments	Note 6.17 to the consolidated financial statements in Appendix 1
5	Company policy on financial risk management, hedging, exposure to price, credit, liquidity and treasury risk	Section 4.3; Note 6.4 to the consolidated financial statements in Appendix 1
6	Valid delegations granted by the Shareholders Meeting to the Executive Board	Section 21.1.4
7	Elements potentially having an impact in the event of a tender offer	Section 21.1.7
8	Company share buybacks	Section 21.1.2
9	List of corporate branches	Section 7.1
10	Information relating to pension undertakings and lifetime payments	Section 15.2, Note 6.13 to the consolidated financial statements in Appendix 1
11	Information on the consequences of climate change on the business and the use of goods and services of the Company	Section 3.5 of Appendix 5
12	Company undertakings in favor of circular economy and against food waste	Section 3.3 of Appendix 5
13	Information on supplier and client payment terms	Section 9.4
14	Annual review by the Supervisory Board of recurring related party agreements and their conclusions	Section 19.3
15	Participation of employees in the Company's share capital	Section 17.4

26.2. CORRESPONDENCE TABLE FOR THE ANNUAL FINANCIAL REPORT PURSUANT TO ARTICLE L451-1-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

	Information required in the Annual Financial Report	Cross reference in the Registration Document
1	Declaration of the personal responsible for the annual financial report	Section 1.2
2	Annual financial statements for the year ended December 31, 2016	Appendix 2
3	Report of the statutory auditors on the 2016 annual financial statements for	Section 20.5
4	Consolidated financial statements for the year ended December 31, 2016	Appendix 1
5	Report of the statutory auditors on the 2016 consolidated financial statements	Section 20.2
6	Management Report pursuant to 222-3-3° of the AMF General Regulation	See above « Management report correspondence table »
7	Statutory auditor fees	Section 20.8
8	Report of the Chairman of the Supervisory Board on governance and internal control	Appendix 3
9	Report of the statutory auditors on internal control	Appendix 4

APPENDIX 1: CONSOLIDATED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

ANNUAL
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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1. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS (in € thousands)	Notes	As of 2015/12/31	 2016/12/31
Non-current assets			
Intangible assets	6.5.	563	668
Property, plant & equipment	6.6.	1 324	3 010
Non current trade & others receivables	6.7.	7	0
Other non-current financial assets	6.8.	612	541
Total - Non-current assets		2 505	4 219
Current assets			
Inventories	-	28	14
Current trade & others receivables	6.7.	5 998	8 394
Other current financial assets	6.8.	31	174
Other current assets	6.9.	585	1 137
Cash & cash equivalents	6.10.	60 111	152 277
Total - Current assets		66 753	161 996
Total - Assets		**69 258**	**166 214**

EQUITY & LIABILITIES (in € thousands)	Notes	As of 2015/12/31	 2016/12/31
Shareholders' equity			
Share capital	6.11.	5 990	7 792
Share premium	-	118 038	237 305
Retained earnings	-	(51 492)	(68 654)
Currency translation adjustment	-	15	21
Net loss	-	(17 135)	(33 667)
Total shareholders' equity - Group share		55 416	142 797
Non-controlling interests	-	0	0
Total - Shareholders' equity		55 416	142 797
Non-current liabilities			
Non-current loans & borrowings	6.12.	4 482	5 004
Non-current deferred income and revenue	6.14.	5	3
Non-current employee benefits	6.16.	743	849
Total - Non-current liabilities		5 229	5 855
Current liabilities			
Current loans & borrowings	6.12.	1 223	1 248
Current trade & other payables	6.13.	7 292	16 146
Current deferred income and revenue	6.14.	29	1
Current provisions	6.15.	69	167
Total - Current liabilities		8 613	17 562
Total - Equity & liabilities		**69 258**	**166 214**

2. CONSOLIDATED STATEMENTS OF OPERATIONS

(in € thousands, except earnings per share data)	Notes	Year ended 2015/12/31	Year ended 2016/12/31
Revenues and other income			
Revenue	6.18.	527	284
Other income	6.18.	3 831	6 499
Revenues and other income		4 358	6 783
Operating expenses and other operating income (expenses)			
Research & development expenses	6.19.	(16 360)	(32 959)
General & administrative expenses	6.19.	(5 630)	(7 938)
Other operating income	6.19.	2	(2)
Other operating expenses	6.19.	(47)	(42)
Operating loss		(17 676)	(34 158)
Financial revenue	6.21.	642	729
Financial expenses	6.21.	(100)	(203)
Financial income		542	526
Income tax	6.22.	(0)	(35)
Net loss		**(17 135)**	**(33 667)**
Attributable to owners of the Company		(17 135)	(33 667)
Attributable to non-controlling interests		0	0
Basic / diluted loss per share attributable to shareholders of Genfit			
Basic earnings per share (€/share)	6.23.	(0.71)	(1.25)

3. CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS

(in € thousands)	Notes	Year ended 2015/12/31	Year ended 2016/12/31
Net loss		**(17 135)**	**(33 667)**
Actuarial gains and losses	6.16.	(62)	(27)
Other comprehensive income (loss) that will never be reclassified to profit or loss		(62)	(27)
Exchange differences on translation of foreign operations		30	6
Other comprehensive income (loss) that are or may be reclassified to profit or loss		30	6
Total other comprehensive loss		**(17 167)**	**(33 688)**
Attributable to owners of the Company		(17 167)	(33 688)
Attributable to non-controlling interests		0	0

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in € thousands)	Year ended 2015/12/31	Year ended 2016/12/31
Cash flows from operating activities		
+ Net loss	(17 135)	(33 667)
Reconciliation of net loss and of the cash used for operating activities		
Adjustments for:		
+ Amortization	327	630
+ Depreciation & impairment charges	237	186
- Expenses related to share-based compensation	2 012	11
- Gain / (loss) on disposal of property, plant & equipment	3	0
- Net finance expenses / (revenue)	(27)	45
- Income tax expense	0	35
+ Other non-cash items	10	(338)
Operating cash flows before change in working capital	(14 572)	(33 098)
Change in:		
Decrease (+) / increase (-) in inventories	219	14
Decrease (+) / increase (-) in trade receivables & other assets	946	(2 942)
Decrease (-) / increase (+) in trade payables & other liabilities	(1 462)	8 828
Change in working capital	(298)	5 900
Income tax paid	0	(28)
Net cash flows provided by (used in) operating activities	**(14 870)**	**(27 226)**
Cash flows from investment activities		
- Acquisition of property, plant & equipment	(790)	(2 036)
+ Proceeds from disposal of property, plant & equipment	2	(0)
- Acquisition of financial instruments	(16)	(51)
+ Proceeds from sale of financial instruments	4 300	0
- Acquisition of subsidiary, net of cash acquired	0	0
Net cash flows provided by (used in) investing activities	**3 496**	**(2 086)**
Cash flows from financing activities		
+ Proceeds from issue of share capital (net)	2	121 007
+ Proceeds from subscription / exercise of share warrants	267	50
+ Proceeds from new loans & borrowings	807	1 500
- Repayments of loans & borrowings	(1 609)	(1 034)
- Financial interests paid (including finance lease)	13	(43)
Net cash flows provided by (used in) financing activities	**(520)**	**121 480**
Increase / (decrease) in cash & cash equivalents	**(11 894)**	**92 167**
Cash & cash equivalents at the beginning of the period	**72 005**	**60 111**
Cash & cash equivalents at the end of the period	**60 111**	**152 277**

5. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in € thousands)	Share capital		Share premiums	Treasury shares	Retained earnings	Currency translation adjustment	Net profit (loss)	Total shareholders' equity Group share	Non-controlling interests	Total shareholders' equity
	Number of shares	Share capital								
As of January 1, 2015	**23 957 671**	**5 989**	**115 757**	**0**	**(34 278)**	**(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**	**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**
Net loss							(33 667)	(33 667)		(33 667)
Other comprehensive income (loss)					(27)	6		(21)		(21)
Total comprehensive income (loss)	**0**	**0**	**0**		**(27)**	**6**	**(33 667)**	**(33 688)**	**0**	**(33 688)**
Allocation of prior period profit (loss)					(17 135)		17 135	0		0
Capital increase	7 207 533	1 802	119 205					121 007		121 007
Share-based compensation			11					11		11
Treasury shares				0				0		0
Other movements			50					50		50
As of December 31, 2016	**31 166 437**	**7 792**	**237 305**	**(127)**	**(68 527)**	**21**	**(33 667)**	**142 796**	**0**	**142 796**

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1. THE COMPANY

Founded in 1999 under the laws of France, GENFIT S.A. (the "Company") is a biopharmaceutical company dedicated to the discovery and development of drugs and biomarkers in therapeutic areas of high unmet need due to the lack of effective treatments or diagnostic tools and/or due to the increasing number of patients worldwide. The Company concentrates its R&D efforts to participate in the commercialization of treatment solutions and diagnostic tools to fight certain metabolic, inflammatory, autoimmune or fibrotic diseases affecting especially the liver (such as non-alcoholic steatohepatitis or NASH).

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 issued by the International Accounting Standards Board ("IASB"), as of December 31, 2016. Comparative figures are presented for the year ended December 31, 2015.

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

The consolidated financial statements for the year ended December 31, 2016 were established under the responsibility of the Executive Board on February 1, 2017.

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 principal 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

Disclosure Initiative (amendment to IAS 1).
Clarification of acceptable methods of depreciation and amortization (amendment to IAS 16 and IAS 38).

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, 2016 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, Financial Instruments: Recognition and Measurement. 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 from 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, Revenue. 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).

6.3. 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 **Erreur ! Source du renvoi introuvable.** - « **Erreur ! Source du renvoi introuvable.** »).

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)	As of	
	2015/12/31	2016/12/31
Exchange rate at period-end	0.91853	0.94868
Average exchange rate for the period	0.9019	0.90389

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.

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 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 6.6. - "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.

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.

Since 2015, the amount of inventory of laboratory consumables has continued to decrease due to a decrease in the collaboration research activity.

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 present a negligible risk of a change 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, BPI France granted GENFIT a loan with a participation feature. The interest rate of this loan is 4.46%. It gives rise to additional remuneration for BPI France depending on the revenues of GENFIT S.A. (see section 6.12.1.3. - "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 undertaking to pay the amount as a result of past service provided by the employee, and the undertaking can be estimated reliably.

6.3.17. Revenues

Until and including in 2015, GENFIT recognized revenues from co-research alliances with partners in the pharmaceutical industry. GENFIT also recognized other income from the occasional provision of research services.

The terms of these collaboration agreements developed in the context 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 made until 2015 for research correspond to fixed research funding payments contractually agreed with the pharmaceutical 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 correspond to payments dependant on the achievement of certain scientific, regulatory, or commercial milestones defined with the pharmaceutical industry partner. The Group recognizes milestone payments when:

- the milestone is substantive;
- 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 “BPI France” (“Banque Publique d’Investissement”), formerly named “OSEO Innovation”.

Subsidies received are non-refundable. Conditional advances received are interest-free or are subject to low interest rates 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 that are interest-free or subject to low interest rates are intended to finance research programs

In accordance with IAS 20, Accounting for government grants and disclosure of government assistance, the advantage resulting from interest-free or low interest rates 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 BPI France, 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/mid-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 6.7. - "Trade and other receivables" and 6.18. - "Revenue and other income"). The CIR for fiscal years 2010, 2011 and 2012 was under audit by the tax authorities and proposed reassessments were made which the Group is contesting using the legal remedies available to it.

6.3.19. Research and development costs

Research expenses are recorded in the financial statements as expenses (see section 6.19. - "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 include 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 fair value of equity settled share-based compensation granted to employees as determinate on the grant date is recognized as a compensation 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 with respect to the redeemable share warrants (BSAAR) and using the Monte Carlo model for the stock options (SO) and free shares (AGA). 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). With respect to the redeemable share warrants, service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Regarding the stock options and free shares, market conditions are taken into account in the evaluation of the fair value for the allocation plans that provide for it. 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 consultants consists of share warrants, some of which may be redeemed at GENFIT's discretion.
Share-based compensation granted to employees consists of redeemable share warrants, stock options and free shares.

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, redeemable share warrants).

6.3.24. Operating segments

The Chief Operating Decision Maker ("CODM") is the Executive Board.
The Executive Board oversees 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 moderate because almost all of its operations are denominated in euros, with the notable exception of the operations performed by GENFIT CORP in dollars.

In the future, GENFIT S.A. might enter into an increasing number of transactions denominated in other foreign currencies or indirectly exposed to currency risk, which would increase its overall exposure to this risk.

The increase in the overall exposure of the Company to this risk would depend, in particular, 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;
- the ability, for its co-contracting parties to indirectly transfer foreign exchange risk to the Company; and
- the Group's foreign exchange risk policy.

At present, the Company has put in place several specific hedging arrangements. However, if its currency exposure were to progress, the Company would consider putting in place appropriate hedging arrangements.

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.

At December 31, 2016, the Group's financial liabilities totaled €6,252k (as of December 31, 2015: €5,705k) and included one variable-rate loan of which the principal remaining at December 31, 2016 was €25k. 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, 2016, the Group has €152,922 k in cash and cash equivalents and other financial assets (as of December 31, 2015: €60,754k) and net cash at December 31, 2016 of €146,024k.

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. INTANGIBLE ASSETS

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

Intangible assets - Movements (En milliers d'euros)	As of 31/12/2015	Increase	Decrease	Translation adjustments	Reclassification	As of 31/12/2016
Gross						
Software	1 382	508	0	0	(201)	1 688
Patents	21	0	0	0	0	21
Other intangibles	0	0	0	0	0	0
TOTAL - Gross	**1 403**	**508**	**0**	**0**	**(201)**	**1 709**
Accumulated depreciation & impairment						
Software	(818)	(202)	0	0		(1 020)
Patents	(21)	0	0	0		(21)
Other intangibles	0	0	0	0		0
TOTAL - Accumulated depreciation & impairment	**(840)**	**(202)**	**0**	**0**		**(1 042)**
TOTAL - Net	**563**	**306**	**0**	**0**	**(201)**	**668**

6.6. PROPERTY, PLANT AND EQUIPMENT

Immobilisations corporelles - Movements (En milliers d'euros)	As of 31/12/2015	Increase	Decrease	Translation adjustments	Reclassification	As of 31/12/2016
Gross						
Buildings on non-freehold land	0	0	0	0	0	0
Scientific equipment	4 937	1 145	(4)	0	0	6 078
Fittings	881	107	0	0	0	988
Vehicles	82	0	0	0	0	82
Computer equipment	647	434	(45)	0	439	1 475
Furniture	298	19	0	0	0	317
In progress	20	218	0	0	(238)	(0)
TOTAL - Gross	**6 865**	**1 923**	**(50)**	**0**	**201**	**8 940**
Accumulated depreciation & impairment						
Buildings on non-freehold land	0	0	0	0		0
Scientific equipment	(4 215)	(227)	5	0		(4 438)
Fittings	(589)	(68)	0	0		(657)
Vehicles	(14)	(15)	0	0		(29)
Computer equipment	(460)	(113)	43	0		(530)
Furniture	(262)	(13)	0	0		(276)
In progress	0	0	0	0		0
TOTAL - Depreciation & impairment	**(5 542)**	**(436)**	**48**	**0**		**(5 930)**
TOTAL - Net	**1 324**	**1 487**	**(1)**	**0**	**201**	**3 010**

Assets under finance lease contracts relate to scientific equipment. Their net carrying value as of December 31, 2016 amounts to €417k.

Financial commitments - Operating leases

The minimum future lease payments for property rented under the Group's real estate operating leases (Lille, Paris and Boston) amounted to €1,072k at December 31, 2016 for the next 12 months:

Operating lease commitments - group as lessee (in € thousands)	As of 2015/12/31	 2016/12/31
Minimum payments - for the period	920	930

Operating lease commitments - group as lessee (in € thousands)	As of 2015/12/31	 2016/12/31
Minimum payments - within 1 year	920	1 072
Minimum payments - after 1 year but no more than 5 years	3 679	4 289
Minimum payments - more than 5 years	1 354	725
TOTAL	**5 953**	**6 086**

GENFIT has guaranteed its obligation under the lease agreement for the headquarters in Lille in the amount of €455k as of December 31, 2016 (same amount as of December 31, 2015).

Financial commitments – Capital leases

Minimum future payments under capital leases amount to:

Finance lease & hire purchase commitments	As of	
(in € thousands)	2015/12/31	2016/12/31
Minimum payments - Within 1 year	0	81
Minimum payments - After 1 year but not more than 5 years	0	314
Minimum payments - More than 5 years	0	0
Total - Minimum payments	**0**	**394**
Of which : Repayment - Within 1 year	0	79
Of which : Repayment - After 1 year but not more than 5 years	0	311
Of which : Repayment - More than 5 years	0	0
Total - Of which : Repayments	**0**	**390**
Of which : Interests - Within 1 year	0	1
Of which : Interests - After 1 year but not more than 5 years	0	3
Of which : Interests - More than 5 years	0	0
Total - Of which : Interests	**0**	**4**

6.7. TRADE AND OTHER RECEIVABLES

Trade & other receivables - Total (in € thousands)	As of 2015/12/31	2016/12/31
Trade receivables	173	81
Research tax credit	4 845	7 104
Social security costs receivables	19	22
VAT receivables	842	993
Grants receivables	11	23
Other receivables	115	171
TOTAL	**6 005**	**8 394**

Trade & other receivables - Current (in € thousands)	As of 2015/12/31	2016/12/31
Trade receivables	173	81
Research tax credit	4 845	7 104
Social security costs receivables	19	22
VAT receivables	842	993
Grants receivables	5	23
Other receivables	114	171
TOTAL	**5 998**	**8 394**

Trade & other receivables - Non-current (in € thousands)	As of 2015/12/31	2016/12/31
Trade receivables	0	0
Research tax credit	0	0
Social security costs receivables	0	0
VAT receivables	0	0
Grants receivables	6	0
Other receivables	1	0
TOTAL	**7**	**0**

As of December 31, 2016, trade receivables neither past due nor impaired amounted to €44k compared to €131k as of December 31, 2015.
As of December 31, 2016, past due trade receivables amounted to €37k compared to €42k as of December 31, 2015.

During the period, part of the trade receivables were classified as doubtful accounts for an amount of €74k. As a result, a provision for depreciation was registered in an amount of €62k.

Research tax credit

The research tax credit receivable as of December 31, 2016 relates to the unpaid portion of the 2014 research tax credit (€1,140k) due to an ongoing tax audit described in section 6.24. - "Litigation and contingent liabilities". In addition to this amount should be added the research tax credit for the 2016 fiscal year (€5,964k).

6.8. OTHER FINANCIAL ASSETS

Financial assets - Total	As of	
(in € thousands)	2015/12/31	2016/12/31
Loans	159	190
Loan related security deposit	132	141
Deposits & guarantees	239	276
Liquidity contracts	113	109
TOTAL	**643**	**715**

Financial assets - Current	As of	
(in € thousands)	2015/12/31	2016/12/31
Loans	0	0
Loan related security deposit	9	141
Deposits & guarantees	22	33
Liquidity contracts	0	0
TOTAL	**31**	**174**

Financial assets - Non current	As of	
(in € thousands)	2015/12/31	2016/12/31
Loans	159	190
Loan related security deposit	123	0
Deposits & guarantees	217	243
Liquidity contracts	113	109
TOTAL	**612**	**541**

At December 31, 2016, current deposits and guarantees are composed of, in particular, €115k of a guarantee related to the development loan with BPI France that should be returned to the Group in 2017 upon payment of the last installment.

6.9. OTHER ASSETS

Other assets of €1,137k as of December 31, 2016 and €585k as of December 31, 2015 correspond to prepaid expenses related to current operating expenses. This increase follows the increase in operating expenses in 2016.

6.10. 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 a low risk of changes in value.

Cash & cash equivalents	As of	
(in € thousands)	2015/12/31	2016/12/31
Short-term deposits	59 683	150 438
Cash & bank accounts	428	1 839
TOTAL	**60 111**	**152 277**

Short-term deposits	As of	
(in € thousands)	2015/12/31	2016/12/31
UCITS	4 541	57 130
TERM ACCOUNTS	53 987	75 937
NEGOTIABLE MEDIUM TERM NOTES	1 050	14 250
INTEREST BEARING CURRENT ACCOUNT	105	3 120
TOTAL	**59 683**	**150 438**

6.11. 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, 2016, 2,570,024 shares have been held for more than two years and entitle their holders to double voting rights (8.25% of the issued share capital).

Changes in share capital in 2016

On February 29, 2016, pursuant to the 5th resolution of the Shareholders' Meeting of February 24, 2015, GENFIT SA increased its share capital through the private placement of 2,395,890 new shares representing a subscription of a total gross amount of €49,595k.

On October 6, 2016, in accordance with the 19th and 23rd resolutions of the Shareholders' Meeting of June 21, 2016, GENFIT SA increased its share capital through a private placement of 1,695,000 new shares, representing the subscription of a total gross amount of €33,900k.

On October 31, 2016, in accordance with the 15th resolution of the Shareholders' Meeting of June 21, 2016, GENFIT SA increased its share capital through a public offering with preferential subscription rights to existing shareholders of 3,116,643 new shares, representing the subscription of a total gross amount of €44,568k.

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.

6.12. LOANS AND BORROWINGS

6.12.1. Breakdown of loans and borrowings

Loans & borrowings - Total (in € thousands)	As of 2015/12/31	2016/12/31
Refundable & conditional advances	3 998	3 549
Bank loans	988	1 941
Development loans with participation feature	690	345
Obligations under finance leases and hire purchase contracts	0	387
Accrued interests	5	7
Other financial loans and borrowings	24	24
TOTAL	**5 705**	**6 252**

Loans & borrowings - Current (in € thousands)	As of 2015/12/31	2016/12/31
Refundable & conditional advances	360	180
Bank loans	374	614
Development loans with participation feature	460	345
Obligations under finance leases and hire purchase contracts	0	79
Accrued interests	5	7
Other financial loans and borrowings	24	24
TOTAL	**1 223**	**1 248**

Loans & borrowings - Non current (in € thousands)	As of 2015/12/31	2016/12/31
Refundable & conditional advances	3 638	3 369
Bank loans	614	1 327
Development loans with participation feature	230	0
Obligations under finance leases and hire purchase contracts	0	307
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	**4 482**	**5 004**

All financial liabilities are denominated in euros.

6.12.1.1. Refundable and conditional advances

General overview

From 2006 to 2010, GENFIT received 12 conditional advances with BPI France. 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 (in € thousands)	Grant date	Total amount allocated	Receipts	Repayments	Other movements	Effets of discounting	Net book value 12/31/2016
BPI FRANCE - OLNORME	10/20/2006	900	900	(900)	0	0	0
BPI FRANCE - OLNORME 2	06/21/2007	200	200	(100)	(100)	0	0
Identification of novel ligands for orphan nuclear receptors from plant extracts							
BPI FRANCE - IT-DIAB	12/23/2008	3 229	3 229	0	0	0	3 229
Development of a global strategy for the prevention and management of type 2 diabetes							
BPI FRANCE - ADVANCE N°1 - B-DIAB 1	06/15/2009	31	31	(31)	0	0	0
BPI FRANCE - ADVANCE N°2 - B-DIAB 2	06/15/2009	31	31	(31)	0	0	0
BPI FRANCE - ADVANCE N°3 - B-DIAB 3	06/26/2009	37	37	(37)	0	0	0
Preclinical and clinical characterization of beta-glucans from yeast in type 2 diabetes							
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	12/14/2009	172	172	(73)	(98)	0	0
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	12/14/2009	172	172	(73)	(98)	0	0
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	02/17/2010	150	150	(64)	(86)	(0)	(0)
Innovation program							
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	11/24/2010	250	200	(75)	0	(11)	114
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	11/24/2010	250	200	(75)	0	(11)	114
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	11/24/2010	200	160	(60)	0	(9)	91
Research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases							
NORD PAS-DE-CALAIS REGION	09/20/2012	1 000	1 000	(1 000)	0	0	0
To support the Company							
LILLE METROPOLITAN URBAN COMMUNITY	07/28/2012	500	500	(500)	0	0	0
To support the Company							
TOTAL		**7 121**	**6 980**	**(3 018)**	**(383)**	**(30)**	**3 549**

Receipts and repayments of refundable and conditional advances

Between January 1, 2016 and December 31, 2016, GENFIT repaid €133K of refundable and conditional advances.
In 2015, GENFIT received €305k and repaid €650k 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. In June 2016, the Company received a waiver of the advance of €100k. A grant was thus accounted for as of June 30, 2016.

BPI FRANCE IT-DIAB	The advance granted by BPI France 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; The program ended on December 31, 2014. 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 advance[1]. 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. At December 31, 2016, the entirety of these advances were repaid.
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 Three partial failures were recorded in June 2016. The remaining amount due was thus waived by BPI France and accounted as an operating grant for an amount of €283k.
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 LILLE METROPOLITAN URBAN COMMUNITY	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% At December 31, 2016, the entirety of these advances were repaid.

1 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.

6.12.1.2. Bank loans

Crédit du Nord	In April 2016, GENFIT borrowed: • a €500k loan • repayable in five years • at the effective interest rate of 0.78%. As of December 31, 2016, the principal amount outstanding was €34k.
Banque Neuflize 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, 2016, the principal amount outstanding was €25k (2015: €75k).
	In June 2016, GENFIT borrowed: • a €500k loan • repayable in three years • at an effective interest rate of 1.10%. As of December 31, 2016, the principal amount outstanding was €418k.
BNP	In December 2014, GENFIT borrowed: • a €500k loan • repayable in 60 months • at the effective interest rate of 2.00%. As of December 31, 2016, the principal amount outstanding was €305k (2015: €403k).
BNP	In June 2016, GENFIT borrowed: • a €500k loan • repayable in 20 trimesters • at the effective interest rate of 0.8%. As of December 31, 2016, the principal amount outstanding was €475k.
BNP	In October 2016, GENFIT borrowed: • a €1,050k loan • repayable in 20 trimesters • at the effective interest rate of 0.8%. As of December 31, 2016, the loan had not yet been drawn down.
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, 2016, the principal amount outstanding was €283K (2015: €408k).
Crédit Industriel et Commercial	In December 2016, GENFIT borrowed: • a €264.6k loan • repayable in 60 months • at the effective interest rate of 0.69%. As of December 31, 2016, the loan had not yet been drawn down.

Bank loans are used to finance research and laboratory equipment.

6.12.1.3. Development loans with participation feature

In June 2010, BPI France 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 BPI France to additional remuneration based on the revenues of GENFIT S.A. This additional remuneration is equal to 0.2294% of revenues.

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.

6.12.2. Maturities of financial liabilities

Maturity of financial liabilities (in € thousands)	As of 2016/12/31	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	More than 5 years
BPI FRANCE - IT-DIAB	3 229	0	0	0	0	3 229	0
BPI FRANCE - AVANCE N°1 - OLNORME II - 1	114	64	50	0	0	0	0
BPI FRANCE - AVANCE N°2 - OLNORME II - 2	114	64	50	0	0	0	0
BPI FRANCE - AVANCE N°3 - OLNORME II - 3	91	51	40	0	0	0	0
TOTAL - Refundable & conditional advances	**3 549**	**180**	**140**	**0**	**0**	**3 229**	**0**
Bank loans	1 941	614	595	420	202	110	0
Development loans with participation feature	345	345	0	0	0	0	0
Obligations under finance leases and hire purchase contracts	387	79	79	80	80	68	0
Accrued interests	7	7	0	0	0	0	0
Other financial loans and borrowings	24	24	0	0	0	0	0
TOTAL - Other loans & borrowings	**2 704**	**1 069**	**675**	**500**	**282**	**178**	**0**
TOTAL	**6 252**	**1 248**	**814**	**500**	**282**	**3 407**	**0**

6.13. TRADE AND OTHER PAYABLES

Trade & other payables - Total	As of	
(in € thousands)	2015/12/31	2016/12/31
Trade payables	5 275	13 341
Social security costs payables	1 832	2 562
Employee profit sharing	17	17
VAT payables	27	24
Taxes payables	129	187
Other payables	11	14
TOTAL	**7 292**	**16 146**

Trade & other payables - Current	As of	
(in € thousands)	2015/12/31	2016/12/31
Trade payables	5 275	13 341
Social security costs payables	1 832	2 562
Employee profit sharing	17	17
VAT payables	27	24
Taxes payables	129	187
Other payables	11	14
TOTAL	**7 292**	**16 146**

Trade & other payables - Non current	As of	
(in € thousands)	2015/12/31	2016/12/31
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)**

6.14. DEFERRED INCOME AND REVENUE

Deferred income & revenue - Total	As of	
(in € thousands)	2015/12/31	2016/12/31
Deferred revenue arising from contracts with customers	26	0
Deferred income arising from equipment grants	7	5
TOTAL	**33**	**5**

Deferred income & revenue - Current	As of	
(in € thousands)	2015/12/31	2016/12/31
Deferred revenue arising from contracts with customers	26	0
Deferred income arising from equipment grants	2	1
TOTAL	**29**	**1**

Deferred income & revenue - Non-current	As of	
(in € thousands)	2015/12/31	2016/12/31
Deferred revenue arising from contracts with customers	0	0
Deferred income arising from equipment grants	5	3
TOTAL	**5**	**3**

6.15. PROVISIONS

See section 6.24 – "Litigation and contingent liabilities" regarding the provision for risks and expenses related to the CIR.

6.16. 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, 2016 and 2015 amounted to €533k and €407k 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 of December 31, 2016, €849k are recognized as pension provisions compared to €743k as of December 31, 2015.

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

Rate	As of	
(in € thousands)	2015/12/31	2016/12/31
Salary growth rate	4.%%	4.%%
Discount rate	1.81%	1.5%

The discount rates are based on the market yield at December 31, 2016 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, 2015	**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**
Current service cost	65
Interest cost on benefit obligation	13
Actuarial losses / (gains) on obligation	27
Defined benefit obligation as of December 31, 2016	**849**

6.17. 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, 2016 and December 31, 2015:

	As of December 31, 2015						
	Carrying value				Fair value		
(in € thousands)	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							
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**	**0**
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**	**3 998**

	As of December 31, 2016						
	Carrying value				Fair value		
(in € thousands)	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							
Loans	190		190			190	
Loan related security deposit	141		141			141	
Deposits & guarantees	276		276			276	
Trade receivables	81		81			81	
Cash & cash equivalents	152 277	152 277			152 277		
TOTAL - Assets	**152 963**	**152 277**	**687**	**0**	**152 277**	**687**	**0**
Liabilities							
Conditional advances	3 549			3 549			3 549
Bank loans	1 941			1 941		1 941	
Participating development loan	345			345		345	
Obligations under finance leases and hire purchase contracts	387			387		387	
Accrued interests	7			7		7	
Other financial loans and borrowings	24			24		24	
Trade payables	13 341			13 341		13 341	
Other payables	14			14		14	
TOTAL - Liabilities	**19 607**	**0**	**0**	**19 607**	**0**	**16 059**	**3 549**

6.18. REVENUE AND OTHER INCOME

Industrial revenues were €284k at December 31, 2016 compared with €527k for the same period 2015.

Revenue and other income	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Revenues	527	284
Other income	3 831	6 499
TOTAL	**4 358**	**6 783**

Other income	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Government grants	12	411
Research tax credit	3 705	5 964
Other operating income	114	124
TOTAL	**3 831**	**6 499**

As described in section "6.24. - Litigation and contingent liabilities", the research tax credits for the fiscal years 2010, 2011 and 2012 were subject to a tax audit and proposed reassessments were made which the Group is contesting using the legal remedies available to it.

During the 2016 fiscal year, the Group recognized in other operating income €116k (2016 fiscal year: €106k) 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 2016, 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 (2015: 6%). In 2016, this tax credit was used to finance the increase in headcount and to purchase scientific equipment.

6.19. OPERATING EXPENSE

Operating expenses and other operating income (expenses) (in € thousands)	Year ended 2015/12/31	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
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) (in € thousands)	Year ended 2016/12/31	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other expenses (maintenance, fees, travel, taxes...)	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(32 959)	(1 894)	(19 187)	(7 334)	(3 876)	(667)	0
General & administrative expenses	(7 938)	(91)	(0)	(4 321)	(3 395)	(131)	0
Other operating income	(2)	0	0	0	0	0	(2)
Other operating expenses	(42)	0	0	0	(44)	(0)	2
TOTAL	**(40 941)**	**(1 985)**	**(19 187)**	**(11 656)**	**(7 315)**	**(799)**	**(0)**

6.19.1. 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.

6.19.2. General and administrative expenses

General and administrative expenses include the costs of personnel not dedicated to research, share-based payments for this personnel, administrative and commercial costs.

6.19.3. Employee expenses

Employee expenses	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Wages and salaries	(4 906)	(8 398)
Social security costs	(2 154)	(3 181)
Pension costs	(57)	(65)
Share-based compensation	(2 012)	(11)
TOTAL	**(9 130)**	**(11 656)**

Number of employees at December 31

Number of employees at year-end - detail	Year ended	
	2015/12/31	2016/12/31
Average number of employees	90	108
Average age of employees	37 years & 6 month:	37 years & 2 months
Number of employees		
Research & development	74	89
Administration & management	23	30
TOTAL	**97**	**119**
Number of employees		
Senior staff	59	77
Staff	37	40
Others (apprentices)	1	2
TOTAL	**97**	**119**
Number of employees		
Senior staff	39	43
Staff	58	76
TOTAL	**97**	**119**

6.20. 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, 2015 and 2016 correspond to share warrants ("Bons de Souscriptions d'Actions" or "BSA"), redeemable share warrants "Bons de Souscriptions et/ou d'Acquisition d'Actions" or "BSAAR"), stock options ("SO") and free shares ("AGA").
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 instruments 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		Total expense	Total expense
	2015/12/31	2016/12/31	calculated	remaining
BSA 2014-A	**337**	**0**	**945**	**0**
Of which : expense related to executive officers (1)	61	0	365	0
Of which : expense related to consultants	276	0	581	0
BSA 2014-B	**603**	**0**	**1 045**	**0**
Of which : expense related to executive officers	144	0	365	0
Of which : expense related to consultants	459	0	680	0
BSA 2015-A	**335**	**0**	**335**	**0**
Of which : expense related to executive officers	178	0	178	0
Of which : expense related to consultants	157	0	157	0
BSA 2015-B	**315**	**0**	**315**	**0**
Of which : expense related to executive officers	178	0	178	0
Of which : expense related to consultants	138	0	138	0
BSAAR 2014-A	**43**	**0**	**43**	**0**
Of which : expense related to members of the Management Board	17	0	17	0
Of which : expense related to employees	26	0	26	0
BSAAR 2014-B	**191**	**0**	**191**	**0**
Of which : expense related to members of the Management Board	106	0	106	0
Of which : expense related to employees	85	0	85	0
BSAAR 2014-C	**189**	**0**	**189**	**0**
Of which : expense related to members of the Management Board	105	0	105	0
Of which : expense related to employees	84	0	84	0
BSAAR 2014-B	**0**	**0**	**0**	**0**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	0	0	0
BSAAR 2014-C	**0**	**0**	**0**	**0**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	0	0	0
BSAAR 2014-B	**0**	**2**	**113**	**111**
Of which : expense related to members of the Management Board	0	1	58	57
Of which : expense related to employees	0	1	54	53
BSAAR 2014-C	**0**	**1**	**51**	**50**
Of which : expense related to members of the Management Board	0	0	26	26
Of which : expense related to employees	0	0	25	24
BSAAR 2014-B	**0**	**2**	**133**	**131**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	2	133	131
BSAAR 2014-C	**0**	**1**	**65**	**64**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	1	65	64
BSAAR 2014-B	**0**	**4**	**249**	**246**
Of which : expense related to members of the Management Board	0	2	119	117
Of which : expense related to employees	0	2	130	128
BSAAR 2014-C	**0**	**2**	**113**	**111**
Of which : expense related to members of the Management Board	0	1	54	53
Of which : expense related to employees	0	1	59	58
BSAAR 2014-B	**0**	**1**	**36**	**35**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	1	36	35
BSAAR 2014-C	**0**	**0**	**16**	**16**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	0	16	16
TOTAL	**2 012**	**11**	**3 839**	**764**

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 years			
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 years			
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 management and the Scientific Board 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.).

Share-based compensation Redeemable share subscription warrants (BSAAR)	BSAAR 2016-A Employees	BSAAR 2016-B Employees
Date of the Shareholder's meeting	02/24/2015	
Date of the Executive board meeting	07/22/2016	
Nombre total de BSAAR subscribed	7 200	3 600
Share entitlement per option	1 warrant / 1 share	
Issue price	4,60 €	
Exercise price (1)	23,50 €	
Subscription period	From 07/25/2016 To 07/27/2016	
Exercise period	01/01/2018 07/27/2020	08/01/2019 07/27/2020
Conditions of exercise	Exercise is subject to the following performance condition: the Company, at the date of receipt of the exercise request accompanied by the payment of the exercise price, has the financial means to allow it to pursue its research and development programs, and at least its elafibranor development program in NASH, until the end of 2018.	Exercise is subject to the following performance condition: the Company shall have published, at the date of receipt of the exercise request accompanied by the payment of the exercise price, the top-line results from its RESOLVE-IT clinical study.
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	75,4%	
Risk-free interest rate	0,00%	
Expected life	4 ans	
Estimated fair value - valued by expert opinion (2)	4,60 €	

(1) : Exercise price of the BSAAR 2016 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from July 15, 2014 to July 21, 2016, decreased by a discount of 6.67 %.

(2) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

Share-based compensation Stock-options (SO)	SO 2016-1		SO US 2016-1		SO 2016-2		SO US 2016-2	
	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees
Date of the Shareholder's meeting	06/21/2016							
Date of the Executive board meeting	12/15/2016							
Total number of SO granted	20 001	21 916	-	7 000	9 999	10 959	-	3 500
Exercise price	15,79 €		21,12 €		15,79 €		21,12 €	
Vesting period	From 12/15/2016 To 09/15/2018				From 12/15/2016 To 12/15/2019			
Performance conditions	Vesting is subject to continued employment with the Company as well as performance conditions. The performance conditions are as follows: a) Internal conditions 66,2/3% of the stock options will be exercisable, regardless of the variation of the stock market price, in the following events: (i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in the PBC) has revealed its first results and/or principal results and these results have been published; and (ii) if, on the date of the Allocation Decision, the launch authorization for at least one of the new clinical trials among the projected clinical trials has been obtained, either: - a clinical trial with elafibranor within a NASH subpopulation; or - a clinical trial with respect to fibrosis within the TGFTX4/repositioning program. b) External conditions (i) if the Final Price is strictly lower than the Initial Price, the number of the Stock Options exercisable is equal to 0; (ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exercisable is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of Stock Options; (iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Stock Options exercisable is equal to the whole one-third of the Stock Options allocated.				Vesting is subject to continued employment with the Company as well as performance conditions. The performance conditions are as follows: a) Internal conditions 66,2/3% of the Stock Options will be exercisable, regardless of the variation of the stock market price of the Company's shares, if at least one of the three following conditions is fulfilled: (i) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or (ii) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either: - Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for elafibranor (PBC); or - clinical trials with a product in Phase II (elafibranor) within a NASH subpopulation; or (iii) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company b) External conditions 33,1/3% of the Stock Options will be exercisable in proportion to the variation of the Company's stock market price as per the following breakdown: (i) if the Final Price is strictly lower than the Initial Price, the number of the Stock Options exercisable is equal to 0; (ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of Stock Options exercisable is equal to: [(Final Price / Initial Price)-1] / 2 x 1/3 of number of Stock Options; (iii) if the Final Price is equal to or higher than the Ceiling Price, the number of Stock Options exercisable is equal to the entire one-third of the Stock Options allocated.		
Exercise period	From 12/16/2019 To 12/16/2026							
Valuation method used	Monte Carlo							
Price of the share at the time of allocation	20,79 €							
Expected dividends	0%							
Expected volatility	49,0%							
Risk-free interest rate	0,0%							
Turnover rate	15,00%							

Share-based compensation Free shares (AGA)	AGA D 2016-1		AGA S 2016-1		AGA D 2016-2		AGA S 2016-2	
	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees
Date of the Shareholder's meeting	06/21/2016							
Date of the Executive board meeting	12/15/2016							
Total number of AGA granted	5 242	4 879	-	10 399	2 621	2 439	-	5 129
Acquisition period	From 12/15/2016 To 09/15/2018				From 12/15/2016 To 12/15/2019			
Performance conditions	Acquisition is subject to continued employment with the Company as well as performance conditions. The performance conditions are as follows: a) Internal conditions 66,2/3% (AGA D 2016-1) or 100% (AGA S 2016-1) of the free shares will be definitively acquired, regardless of the variation of the stock market price, in the following events: (i) if, on the date of the Allocation Decision, one of the two ongoing or authorized clinical trials (Resolve-It, Phase 2 in the PBC) has revealed its first results and/or principal results and these results have been published; and (ii) if, on the date of the Allocation Decision, the launch authorization for at least one of the new clinical trials among the projected clinical trials has been obtained, either: - a clinical trial with elafibranor within a NASH subpopulation; or - a clinical trial with respect to fibrosis within the TGFTX4/repositioning program. b) External conditions With respect only to the AGA D-1, 33,1/3% of the free shares will be definitively acquired in proportion to the variation of the Company's stock market price as per the following breakdown: (iv) if the Final Price is strictly lower than the Initial Price, the number of the free shares definitively acquired is equal to 0; (v) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of free shares definitively acquired is equal to: [(Final Price / Initial Price)-1] x 1/3 of number of free shares; (vi) if the Final Price is equal to or higher than the Ceiling Price, the number of free shares definitively acquired is equal to the entire one-third of the free shares allocated.				a) Internal conditions 66,2/3% (AGA D 2016-1) or 100% (AGA S 2016-1) of the free shares will be definitively acquired, regardless of the variation of the stock market price, in the following events: (iv) if an application for marketing authorization for a product (elafibranor for NASH) is examined by the European Medicines Agency (EMA) or the U.S. Food and Drug Administration (FDA); or (v) if the launch of at least two new clinical trials among the following are authorized by the EMA or the FDA, either: - Phase III clinical trials of or which aim to record a new product (TGFTX4) or a new indication for elafibranor (PBC); or - clinical trials with a product in Phase II (elafibranor) within a NASH subpopulation; or (vi) if at least on licensing agreement, on one or another of Genfit's products in one or several territories, is entered into by the Company b) External conditions With respect only to the AGA D-1, 33,1/3% of the free shares will be definitively acquired in proportion to the variation of the Company's stock market price as per the following breakdown: (i) if the Final Price is strictly lower than the Initial Price, the number of the free shares definitively acquired is equal to 0; (ii) if the Final Price is between (i) a value equal to or higher than the Initial Price and (ii) a value lower than the Ceiling Price, the number of free shares definitively acquired is equal to: [(Final Price / Initial Price)-1] / 2 x 1/3 of number of free shares; (iii) if the Final Price is equal to or higher than the Ceiling Price, the number of free shares definitively acquired is equal to the entire one-third of the free shares allocated.		
Valuation method used	Monte Carlo							
Price of the share at the time of allocation	20,79 €							
Expected dividends	0%							
Expected volatility	49,0%							
Risk-free interest rate	0,0%							
Turnover rate	15,00%							

6.21. FINANCIAL REVENUE AND EXPENSES

Financial revenue and expenses	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Financial revenue		
Interest income	437	316
Foreign exchange gain	35	179
Other financial revenues	170	234
TOTAL - Financial revenue	**642**	**729**
Financial expenses		
Interest expenses	27	(110)
Foreign exchange losses	(78)	(79)
Other financial expenses	(49)	(13)
TOTAL - Financial expenses	**(100)**	**(203)**
FINANCIAL GAIN (LOSS)	**542**	**526**

6.22. INCOME TAX

6.22.1. Losses available for offsetting against future taxable income

As of December 31, 2016, the tax loss carryforwards for GENFIT S.A, a French entity, amounted to €160,617k (€114,045k as of December 31, 2015).

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.

6.22.2. Deferred tax assets and liabilities

No deferred tax asset is recognized in 2016 and 2015 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, 2016 relate to:

- Tax losses carryforwards: €160,617k (compared to €114,045k as of December 31, 2015);
- Deductible temporary differences related to post employment benefit: €283k (compared to €248k as of December 31, 2015).

6.23. EARNINGS PER SHARE

Earnings per share	Year ended	
	2015/12/31	2016/12/31
Profit for the period - attributable to owners of the Company (in € thousands)	**(17 135)**	**(33 667)**
Weighted average number of ordinary shares for the period	23 957 877	26 854 565
Profit for the period - attributable to owners of the Company per share (in €)	**(0.71)**	**(1.25)**
Weighted average number of ordinary shares used in the above calculation	23 957 877	26 854 565

6.24. LITIGATION AND CONTINGENT LIABILITIES

Dispute regarding social security contributions and other payments

Following an URSAAF (French social security administration) audit which began in September 2016 with respect to the 2013, 2014 and 2015 fiscal years, in November 2016, the Company received an observation letter containing a social security contribution reassessment in the amount of €5k which the Company contests.

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.

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 contested this proposed tax adjustment in 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 maintains 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.

At the end of May 2016, the tax administration responded to the two dispute letters maintaining the bulk of the adjustments contained in the two notices. GENFIT used the remedies available to it to contest this position. Thereafter on October 17, 2016, the Company commenced the second stage remedy available to wherein it prevailed on a part of its arguments. As a result, the adjustments to the CIR have been set at €566k for 2010, €623k for 2011 and €285k for 2012; the Company intends to continue to contest these adjustments using the legal remedies available to it.

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 its declaration 2069-A-SD.

These same rules were applied for the 2015 research tax credit, given the termination, dated January 16, 2015, of the Company's research organization status.

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.

At the end of 2016, on the basis of analyses conducted by third party experts GENFIT, remains confident in its position, and continues to contest the tax administration's position. Nevertheless, it 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.

The Company therefore believes that this potential tax liability could amount to €1,923k. 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 for this litigation amounting to €160k for contracts, not including joint research agreements, which could be considered as sub-contracting for third parties that are themselves eligible for the research tax credit and for any adjustments related to the type of capital assets eligible for the CIR.

6.25. RELATED PARTIES

Biotech Avenir SAS and the endowment fund, The NASH Education Program, a GENFIT initiative are related parties within the meaning of IAS 24.9.

As of December 31, 2016, Biotech Avenir SAS held 5.79% of GENFIT's share capital.

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.

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, 2016.

The registered office of Biotech Avenir SAS and that of The NASH Education Program are situated at the same address as GENFIT S.A. These domiciliations are provided without charge.
Group companies did not carry out any transactions with Biotech Avenir in 2015 or 2016.

The transactions carried out between GENFIT and the endowment fund The NASH Education Program and GENFIT's undertakings with respect to The NASH Education Program are described in note **Erreur ! Source du renvoi introuvable.** – "Commitments".

6.26. 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 willful misconduct) or resignation, in addition to a 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 (including the 13th month bonus) and increased by additional compensation of one month's salary per year of service at GENFIT. This severance is capped at a maximum of two years' gross salary bringing the total commitment (gross amount + employers' contributions) as of December 31, 2016 to €1,173k.

Under the terms of her employment contract, Nathalie Huitorel is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or willful misconduct) or resignation, in addition to a contractual severance pay of six months' salary in the event of dismissal (other than in the case of gross negligence or willful misconduct, and subject to performance conditions), calculated on the basis of the last 12 months (including the 13th month bonus) and increased by additional compensation of one month's salary per year of service at GENFIT. This severance is capped at a maximum of two years' gross salary bringing the total commitment (gross amount + employers' contributions) as of December 31, 2016 to €218k.

Under the terms of his employment contract, Dean Hum is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or willful misconduct) or resignation, in addition to a contractual severance pay of six months' salary in the event of dismissal (other than in the case of gross negligence or willful misconduct, and subject to performance conditions), calculated on the basis of the last 12 months (including the 13th month bonus) and increased by additional compensation of one month's salary per year of service at GENFIT. This severance is capped at a maximum of two years' gross salary bringing the total commitment (gross amount + employers' contributions) as of December 31, 2016 to €607k.

The following table provides details of the compensation paid to the members of the Executive 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)	Year ended	
(in € thousands)	2015/12/31	2016/12/31
Short-term employee benefits	1 651	2 841
Post-employment pension & medical benefits	306	377
Director fees Genfit Corp (net)	41	50
TOTAL	**1 998**	**3 268**

The amount of post-employment benefits consists of provision for pension liabilities. Fluctuations relate to rates described in section 6.16. - "Employee benefits".

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

6.27. COMMITMENTS

Deposits and guarantees

Deposits & guarantees (in € thousands)	As of 2016/12/31
Deposits & guarantees - granted by the Company	481
Deposits & guarantees - granted to the Company	24
Total	**505**

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

The entirety of the intellectual property rights relating to the drug candidates and biomarkers developed by the Company belong to GENFIT.

With the exception of, and in the case of co-research alliances historically entered into by GENFIT, the pharmaceutical industry partners own all intellectual property rights relating to the drug candidates identified during such collaborations. This does not apply however to the drug candidates and biomarkers that the Company has developed on its own, and to the elafibranor drug candidate in particular, for which all intellectual property rights are held by GENFIT.

The collaboration agreements entered into within such co-research alliances also set out that:

- The technologies developed during the course of the research for these new drug candidates are the property of GENFIT, who grants a free usage license 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 as set out in the contract(which is not currently the case.)

To date, Sanofi is the only partner that still has rights to a drug candidate developed from these alliances. The other partners have either decided not to use or to stop using the results from the joint research.

The collaboration or sub contracting agreements entered into or related to the R&D programs for drug candidates or biomarkers for which the Company owns all of the intellectual property rights stipulate that the research results are the property of GENFIT. This is the case notably for the work carried out within the research consortia ITDIAB and OLNORME, in which GENFIT was associated with academic laboratories and other biotechnology companies.

Other liabilities

Pursuant to an agreement with effect from July 1, 2016, GENFIT S.A. decided to finance the creation by Pinnacle Clinical Research of a registry of NAFLD/NASH patients, which diseases are targeted by certain of the Company's drug and biomarker candidates. This donation, for a maximum amount of USD 1,582,000 is paid over the course of the creation of the registry on the basis of three reporting periods at December 31, 2016, June 30, 2017 and December 31, 2017. An initial pre-funding of USD 510k was made on July 20, 2016 for start-up of the program.

GENFIT's goal in supporting the creation of this registry was to contribute to the improvement of scientific and medical knowledge around NAFLD and NASH. As a result, the Company decided on December 22, 2016, with effect from December 31, 2016, to assign the benefit and obligations of this agreement to its endowment fund, The NASH Education Program. The

NASH Education Program was created on November 3, 2016 to educate the medical community and patients on the lessons that can be learned from these patients, in accordance with its objectives.

For 2017, GENFIT decided to grant to The NASH Education Program a proposed donation of €1.9 million so that The NASH Education Program could honor the obligations under the transfer of registry donation and carry out the other planned disease awareness activities to patients and doctors.

6.28. EVENTS AFTER THE REPORTING PERIOD

On January 27, 2017, the Company received an assessment notice in the amount of €1,479k relating to the tax dispute described in note 6.24 – "Litigation and contingent liabilities".

The Company intends to use all available remedies to contest this assessment notice, with the knowledge that the tax administration remains liable to the Company in an amount of €1,141k for the 2014 CIR.

APPENDIX 2: ANNUAL ACCOUNTS UNDER FRENCH ACCOUNTING STANDARDS FOR THE FISCAL YEAR ENDED DECEMBER 31,2016

[INTENTIONALLY OMITTED]

ANNEX 3: 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 JANUARY 1, 2016 TO DECEMBER 31, 2016

(English version for information only)*

**This report has been translated in English for information only. In the event of any differences between the French text and the English text, the French language version shall supersede.*

**This report has been translated in English for information only. In the event of any differences between the French text and the English text, the French language version shall supersede.*

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 2016 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 2016. This report was reviewed by the Audit Committee, in the presence of representatives of GENFIT's auditors and the Nominations and Compensation Committee, which met on February 7, 2017, and was approved by the Supervisory Board, which met on February 7, 2017, 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 16, 2017.

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 Middlenext Code of corporate governance of December 2009 as reference code for corporate governance, after examining the checkpoints of this code at its meeting of March 11th, 2014. This code (the "Middlenext Code") was updated in September 2016 and its current version is available on the Middlenext website (www.middlenext.com).

The Company considers that it complies with the majority of the recommendations of the Middlenext Code in its new September 2016 version. Reference will be made to section 1.3 – "Application of the code of corporate governance of Middlenext 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:

Name	Corporate Office
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, 61 years old, French	**Chairman of the Executive board**	
Professional address	885, Avenue Eugène Avinée - 59120 LOOS	
Number of Genfit's shares held	9,266 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 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	
	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 THE NASH EDUCATION PROGRAM, endowment fund	Chairman Chairman of the Board of Directors
Other offices and positions held in the last five years and that have now expired	NATURALPHA SAS	Chairman

Nathalie Huitorel **55 years old, French**	**Member of the Executive Board**	
Professional address	885, Avenue Eugène Avinée - 59120 LOOS	
Number of Genfit's shares held	2,879 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 managed the initial public offering of a subsidiary of the French company FINUCHEM and has led numerous mergers and acquisitions. She was appointed Chief Financial and Administrative Officer at Genfit in October 2007, and oversees the financial, controlling 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	
	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	THE NASH EDUCATION PROGRAM, endowment fund	Director; Treasurer
Other offices and positions held in the last five years and that have now expired	None	None

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Dean Hum **54 years old, Canadian**	**Member of the Executive Board**	
Professional address	885, Avenue Eugène Avinée - 59120 LOOS	
Number of Genfit's shares held	11 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	1st appointment : Supervisory Board of May 13, 2014 End of the current office: May 13, 2019	
	Société	Mandat
Operational functions and other corporate offices in the Group	GENFIT SA GENFIT CORP GENFIT PHARMACEUTICALS SAS	Chief Operating Officer and Chief Scientific Officer Director, Board of Directors Member of the Management Committee
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 2016

The Executive Board meets as often as necessary in order to fulfill its missions. In respect of the year ended December 31st, 2016, the Executive Board held 26 meetings with an attendance rate of 100%.

On December 8, 2016, the Executive Board decided to put in place an Executive Committee, including the members of the Executive Board, a non statutory body that ensures the operational management of the Company through the activities and responsibilities of its members. The Committee is made up of the following people:

Chairman: Jean-François Mouney, Chairman of the Executive Board
Members:

- Dean Hum, Chief Scientific Officer
- Nathalie Huitorel, Chief Financial and Administrative Officer
- Sophie Mégnien, Chief Medical Officer
- Jean-Christophe Marcoux, Chief Strategy Officer
- Laurent Lannoo, Corporate Secretary, Director of Legal Affairs

The members of the Executive Board are covered under the Director& Officer Liability policy subscribed by the Company.

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 observer has been appointed.

The corporate offices of Xavier Guille des Buttes, Charles Woler and BIOTECH AVENIR (represented by Florence Séjourné) were renewed by the Shareholder's Meeting on June 21, 2016. The Supervisory Board evaluated their independence prior to the Shareholders Meeting which re-appointed them and information regarding each of their candidacies was available on the Company's Internet website prior to such Meeting.

Xavier Guille des Buttes and Charles Woler were confirmed as Chairman and Vice-Chairman, respectively, of the Supervisory Board by the Supervisory Board on July 4, 2016.

The corporate office of Philippe Moons, co-opted by the Supervisory Board in 2015 in replacement of FINORPA SCR till the end of its corporate office (2018) was confirmed by the Shareholders' Meeting on June 21, 2016. The Supervisory Board evaluated his independence prior to the Shareholders Meeting that confirmed his appointment and information on his candidacy was available on the Company's Internet website prior to such Meeting.

The corporate office of Mister Frédéric Desdouits will expire in 2018.

Xavier Guille des Buttes 75 years old, French	Chairman of the Supervisory Board , of which he is an independent member Member of the Nomination and Compensation Committee and member of the Audit Committee	
Professional address	-	
Number of Genfit's shares held	1,144 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 director of several companies. He holds offices within Atlanta (start-up based in Nantes), Delpharm Holding (pharmaceutical manufacturing), Hemarina, a start-up located in Morlaix, and Medsenic (start-up based in Strasbourg). 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	1st appointment: October 18, 2006 Last renewal: June 21, 20116 End of the current office: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2020.	
	Company	Office
Operational functions and other corporate offices in the Group	None	None
Other corporate offices outside the Group	ATLANTA DELPHARM HOLDING HEMARINA MEDSENIC THE NASH EDUCATION PROGRAM, an endowment fund	Member of the Supervisory Board Member of the Board of partners Director Member of the Strategic Committee Vice President of the Board of Directors
Other offices and positions held in the last five years and that have now expired	OUEST ANGELS DEVELOPPEMENT DIAGAST	Member of the Supervisory Board Director

Charles Woler 67 years old, French	Vice-Chairman of the Supervisory Board of Genfit SA, of which he is an independent member – Chairman of the Nomination and Compensation Committee	
Professional address	-	
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 (CEO) and Imclone System (executive committee member), both biotechnology companies listed on Nasdaq, Neuro3d, Endotis Pharma and Biomnis (CEO).	
Term of office	1st appointment: October 18, 2006 Last renewal: June 16, 2016 End of the current office: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2020	
	Company	Office
Operational functions and other corporate offices in the Group	None	None
Other corporate offices outside the Group	ATLANTIC HEALTHCARE (United Kingdom) CITOXLAB DEINOVE* EUROFINS BIOLOGIE SPECIALISEE INFLAM ALPS (Switzerland) NOVELLUSDX (Israel) OCON MEDICAL (Israel) SYNEXUS (United Kingdom)	Director (non executive) Chairman Chairman of the Board of Directors** Chairman Chairman of the Board of Directors Chairman of the Board Chairman of the Board Chairman of the Board
Other offices and positions held in the last five years and that have now expired	BIODS BIOMNIS ENDOTIS PHARMA Seed funding ITI GASTROTECH	Chairman Executive General Manager Chief Executive Officer Chairman Member of the Supervisory Board

*Listed Company
**Co-optation subject to confirmation by shareholder's meeting

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	1,804,957 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 to2008. Since then, she is Chairman of the Company Da Volterra	
Term of office	1st appointment: at the founding of the Company on September 15, 1999. Florence Séjourné is the representative to the Supervisory Board of the Company since 2010. Last renewal: June 21, 2016 End of the current office: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2020	
	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

Philippe Moons 65 years old, French	Independent member of the Supervisory Board, Chairman of the Audit Committee	
Professional address	-	
Number of Genfit's shares held	248 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	1st appointment: July 16, 2015 on cooptation by the Supervisory Board in replacement of FINORPA (resigned) ratified by the Shareholders Meeting on June 21, 2016 End of the current office: 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	GENFIT 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 Member of the Supervisory Board, as permanent representative of FINORPA

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Frédéric Desdouits 49 years, French	Independent member of the Supervisory Board, Member of the Nomination and Compensation Committee	
Professional address	Laboratoire Pierre Fabre – 45 place Abel Gance, 92100 Boulogne	
Number of Genfit's shares held	111 shares	
Professional Experience / Expertise	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). Frédéric Desdouits is a member of the Supervisory Board of CiToxLab and board observer on the Board of Directors of Orphelia Pharma. 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. He is a CEFA (Certified European Financial Analyst) and Certified in Global Management from INSEAD.	
Term of office	1st appointment: June 20, 2014 End of the current office: 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 CTL Orphelia Pharma	Vice-Chairman – Head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence Department Member of the Supervisory Board Observer of the Board (on behalf of Laboratoire Pierre Fabre)
Other offices and positions held in the last five years and that have now expired	NONE	NONE

Independence Criteria

On December 31st, 2016 and on the date of this report, four out of five of the members of the Supervisory Board were independent as per the Middlenext Code. Within the meaning of that code,[1] 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 16, 2017, the date of its next Annual Shareholders Meeting.

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;

[1] These criteria are included in this report as they were drafted in the 2009 Middlenext Code. Although the wording was amended slightly in the 2016 version of the Code, the conclusion with respect to the independence of the members remains the same, as indicated in Section 16.4 “Corporate Governance” of the 2016 Registration Document.

- 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.

Members of the Supervisory Board or permanent representatives of members of the Supervisory Board are covered under the Company's Director and Officer Liability insurance.

Rules of procedure of the Supervisory Board

The rules of procedure are regularly updated in accordance with regulatory changes.

As such, by decision of the Supervisory Board on April 21, 2016, the rules of procedure were updated to provide for blackout periods for trading in the Company's shares.

Furthermore, by decision of the Supervisory Board on December 15, 2016, it was updated in relation to the implementation of the new European Market Abuse Regulation.

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 Functioning of the Supervisory Board and Review of Checkpoints of the Middlenext Code

Frequency and methods:
The Supervisory Board review of the checkpoints of the Middlenext Code and carries out a self-assessment of its work once a year. It carried out this assessment in respect of its work for 2016 when it met on February 7, 2017.

The Supervisory Board found that it was well informed and 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 2016

Number of meetings	8
Average attendance rate	95%

In the 2016 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 2016 half-year reports and accounts;
- Review of the provisional budget for 2016;
- Examination of the quarterly activity reports of the Executive Board;
- Updating of the rules of procedure of the Supervisory Board;
- Examination of the Agenda and draft resolutions proposed for the Shareholders' General Meetings convened for June 21, 2016;
- 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 2015;
- Review of the report of the Chairman of the Supervisory Board on the governance of the company and internal control for 2015;
- Information on the use made by the Executive Board of the delegation of authority granted by the Shareholders' General Meeting on February 24, 2015 pursuant to the 11th resolution, on the issuance of BSAAR to certain employees;

- Information on the use made by the Executive Board of the delegation of authority granted by the Shareholders' General Meeting on June 21, 2016 pursuant to the 25th resolution, on the implementation of stock option plans for executive officers and certain employees;
- Information on the use made by the Executive Board of the delegation of authority granted by the Shareholders' General Meeting on June 21, 2016 pursuant to the 26th resolution, on the implementation of free share plans for executive officers and employees;
- Determining the remuneration policy of executive officers for the financial year 2016;
- Appointment of a Chairman and Vice-Chairman of the Supervisory Board;
- Appointment of Dean Hum and setting of his compensation as member of the Board of Directors of Genfit Corp;
- Membership of the Audit Committee;
- Membership of the Nomination and Compensation Committee;
- Determination of the conditions governing the distribution of attendance fees between its members.
- Mission conferred on the Nominations and Compensation Committee to review conditions for succession planning for the Chairman of the Executive Board and Chairman of the Supervisory Board.

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 2016

Number of meetings	3
Average attendance rate	78%

In financial year 2016, the main topics addressed by the Audit Committee were:

- Examination of and issuance of an opinion on the accounts of the Genfit SA for the year ended December 31, 2015 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, 2015 and the procedures and standards used to prepare them;
- Review and opinion on the provisional budget for 2016

- 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 2015;
- Examination of and issuance of an opinion on the consolidated financial statements of the Genfit Group at June 30, 2016 and the procedures and standards used to prepare them.
- Appointment of the Chairman of the Audit Committee
- Authorization given to the Statutory Auditors to accept the mission given to them by the Executive Board to issue a comfort letter in the context of a financial transaction

1.1.4. Committees of the Supervisory Board: Nomination and Compensation Committee

1.1.4.1. Composition of the Nomination 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 Nomination 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 Nomination 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 Nomination and Compensation Committee

The Committee meets at least three times a year, further to a notice issued by its Chairman.

Missions of the Nomination and Compensation Committee

The missions of the Nomination 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 Nomination 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 Nomination 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 Nomination and Compensation Committee

The internal rules are set out hereinafter in Appendix 3.

1.1.4.3. Activities of the Nomination and Compensation Committee in 2016

Number of meetings	6
Average attendance rate	89%

In financial year 2016, the main topics addressed by the Nomination and Compensation Committee were:

- Examination and opinion relative to the issuance of Redeemable Share Subscription Warrants (BSAAR) to employees of the Company;
- Examination and opinion on the update of the rules of procedures of the Supervisory Board;
- 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 2015;
- 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 relating to the appointment and compensation of Dean Hum as member of the Board of Directors of Genfit Corp;
- Examination and opinion relative to the remuneration policy applicable to executive corporate officers of the Company for financial year 2016;
- Review and follow-up on the Company's recruiting plan for 2016;
- Examination and opinion relative to the annual budget for attendance fees and their distribution between non-executive officers of the Company for financial year 2016;
- Examination of the candidacy and opinion relative to the re-appointment of members of the Supervisory Board;
- Examination and opinion relative to the draft resolutions for the Shareholders Meeting to grant stock options and free shares to executive officers and employees of the Company;
- Examination and opinion on the implementation of stock option plans for executive officers and certain management level employees and of free share plans for executive officers and employees of the Company.
- Examination and opinion on succession planning for the Chairman of the Executive Board and the Chairman of the Supervisory Board.

1.1.5. Membership of the Supervisory Board and Committees - Summary

	Independent member	Year of first appointment	End of term	Audit Committee	Nomination and Compensation Committee
Xavier GUILLE DES BUTTES Chairman	Yes	2006	2021	Member	Member
Charles WOLER Vice-Chairman	Yes	2006	2021		Chairman
Florence SEJOURNE (representative of BIOTECH AVENIR) Member*	No	2010 (1999)*	2021	Member	
Frédéric DESDOUITS Member	Yes	2014	2018		Member
Philippe MOONS Member	Yes	2015	2018	Chairman	

**This report has been translated in English for information only. In the event of any differences between the French text and the English text, the French language version shall supersede.*

*Biotech Avenir SAS was appointed to the Supervisory Board of the Company for the first time at its founding on September 15, 1999. Florence SEJOURNE has been its permanent representative to the Supervisory Board of the Company since 2010.

1.1.6. 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 Nomination 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 is the author or co-author of over 600 publications included in the Pubmeb website bibliography.
Professor Vlad Ratziu	Professor of Medicine at the Pierre and Marie Curie University in Paris, he performs his hospital work at the La Pitié Salpetrière 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 *Hepatology* review and is on the editorial board of the *Journal of Gastroenterolgy and Hepatology.*

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.).

1.1.7. 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.

1.1.8. 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).

On February 7, 2017, the Nomination 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 review, the Committee confirmed that it was well away and declared that, to its knowledge, 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.

1.1.9. Service contracts between members of the Executive Board and of the Supervisory Board and Genfit

None.

1.2. SPECIFIC CONDITIONS FOR PARTICIPATION OF SHAREHOLDERS AT THE SHAREHOLDERS MEETING

The specific conditions for participating at the Shareholders' Meetings are described in articles 29 and 30 of the Company's articles of association, and available on the Company's Internet website.

Before each shareholders' meeting, the Company published on its Internet website a meeting brochure indicating the practicalities of participating, describing its agenda and summarizing the issues and context in which the draft resolution are proposed to the vote of the shareholders.

A hotline was put in place prior to the June 21, 2016 Annual Shareholder's Meeting to respond to shareholders' questions. Furthermore, during the course of the year, the CEO and/or CSO meet with significant shareholders during business forums or specialized scientific conventions at which the Company participates. The Company's participation in these events is systematically announced on the Company's Internet website.

1.3. APPLICATION OF THE CODE OF CORPORATE GOVERNANCE OF MIDDLENEXT LISTED COMPANIES

Recommendation of the Middlenext Code[2]	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.
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 are no performance conditions associated with the benefit of BSA and BSAAR granted 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. However, the exercise of stock options and the definitive vesting of the free shares put in place in 2016 are subject to collective internal and external performance conditions, evaluated over a period of three years and reflecting the mid-term interests of the Company.

1.4. REMUNERATON OF EXECUTIVES

1.4.1. Remuneration of executive officers

1.4.1.1. 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:

[2] The numbering of the recommendations are those from the 2009 Middlenext Code. For further information on the application of all of the recommendations of the Code using their current numbering (2016 version of the Code), see section 16.4 “Corporate Governance” of the 2016 Registration Document.

- 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 Nomination and Compensation Committee and Supervisory Board, by a decision of the Executive Board of January 25th, 2013, extended after favorable opinions of the Nomination and Compensation Committee and the Supervisory Board, by decisions of the Executive Board of April 16th, 2014, then May 3, 2016 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) and since 2016, stock options and free share subject to internal and external performance conditions evaluated over a period of three years.

Summary table of compensation (1) and options and shares granted to each executive officer		
	Year ended December 31, 2015	Year ended December 31, 2016
Jean-François MOUNEY - Chairman of the Executive Board		
Compensation due for the financial year	676 005 €	1 323 064 €
IFRS 2 valuation of options granted during the financial year	0 €	57 620 €
IFRS 2 valuation of free shares granted during the financial year		29 526 €
TOTAL	**676 005 €**	**1 410 210 €**
Nathalie HUITOREL - Member of the Executive Board		
Compensation due for the financial year	228 940 €	353 236 €
IFRS 2 valuation of options granted during the financial year		57 620 €
IFRS 2 valuation of free shares granted during the financial year		28 449 €
TOTAL	**228 940 €**	**439 305 €**
Dean HUM - Member of the Executive Board		
Compensation due for the financial year	474 944 €	710 717 €
IFRS 2 valuation of options granted during the financial year		57 620 €
IFRS 2 valuation of free shares granted during the financial year		26 694 €
TOTAL	**474 944 €**	**795 031 €**

(1) Gross amount.

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

Summary table of compensation (1) for each executive officer				
	Year ended December 31, 2015		Year ended December 31, 2016	
	Amount due	Amount paid	Amount due	Amount paid
Jean-François MOUNEY - Chairman of the Executive Board				
Fixed annual compensation	487 272 €	472 272 €	561 265 €	543 573 €
Variable compensation				
Exceptional compensation	167 927 €	140 761 €	739 418 €	662 186 €
Board attendance fees				
Benefits in kind	20 806 €	20 806 €	22 381 €	22 381 €
TOTAL	**676 005 €**	**633 838 €**	**1 323 064 €**	**1 228 140 €**
Nathalie HUITOREL - member of the Executive Board				
Fixed annual compensation	148 335 €	143 720 €	153 038 €	148 310 €
Variable compensation				
Exceptional compensation	77 237 €	63 598 €	196 830 €	123 735 €
Board attendance fees				
Benefits in kind	3 368 €	3 368 €	3 368 €	3 368 €
TOTAL	**228 940 €**	**210 686 €**	**353 236 €**	**275 414 €**
Dean HUM - member of the Executive Board				
Fixed annual compensation	251 419 €	242 573 €	257 502 €	248 656 €
Variable compensation				
Exceptional compensation	220 029 €	149 542 €	449 718 €	379 021 €
Board attendance fees				
Benefits in kind	3 497 €	3 497 €	3 497 €	3 497 €
TOTAL	**474 944 €**	**395 611 €**	**710 717 €**	**631 174 €**

(1) Gross amounts.

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			X	X			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

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

Stock Options (SO)

	SO 2016-1	SO 2016-2
Date of Shareholders Meeting	06/21/2016	06/21/2016
Date of Executive Board	12/15/2016	12/15/2016
Executive Officer beneficiaries		
Jean-François Mouney, Chairman of the Executive Board	6 667	3 333
Nathalie Huitorel, Member of the Executive Board	6 667	3 333
Dean Hum, Member of the Executive Board	6 667	3 333
Terms of exercise	1 option / 1 share	

Free shares (*attribution d'actions gratuite* or AGA)

	AGA D 2016-1	AGA D 2016-2
Date of Shareholders Meeting	06/21/2016	06/21/2016
Date of Executive Board	12/15/2016	12/15/2016
Executive Officer beneficiaries		
Jean-François Mouney, Chairman of the Executive Board	1 828	914
Nathalie Huitorel, Member of the Executive Board	1 761	881
Dean Hum, Member of the Executive Board	1 653	826

1.4.1.2. 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 2016:

- €1,000 for each participation by conference call in a meeting of the Supervisory Board, of the Nomination and Compensation Committee or of the Audit Committee;
- €1,500 for each physical participation in a meeting of the Supervisory Board, of the Nomination and Compensation Committee or of the Audit Committee;
- an additional fixed remuneration of €10,000 for 2016 payable in two equal tranches at the end of each six-month period was granted to the Chairman of the Supervisory Board;
- the 2016 annual budget for attendance fees was fixed at €150,000.

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 (In euros)	Amounts due* During the year 2015	Amounts paid* During the year 2015	Amounts due* During the year 2016	Amounts paid* During the year 2016
Xavier GUILLE DES BUTTES				
Attendance fees	20 935 €	20 935 €	26 465 €	26 465 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**20 935 €**	**20 935 €**	**26 465 €**	**26 465 €**
Charles WOLER				
Attendance fees	6 715 €	6 715 €	10 270 €	10 270 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**6 715 €**	**6 715 €**	**10 270 €**	**10 270 €**
Frédéric DESDOUITS				
Attendance fees	9 085 €	9 085 €	15 010 €	15 010 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**9 085 €**	**9 085 €**	**15 010 €**	**15 010 €**
BIOTECH AVENIR				
Represented by Florence Séjourné				
Attendance fees	0 €	0 €	0 €	0 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**0 €**	**0 €**	**0 €**	**0 €**
Philippe MOONS				
Attendance fees	4 740 €	4 740 €	11 850 €	11 850 €
Other remuneration	0 €	0 €	0 €	0 €
Total	**4 740 €**	**4 740 €**	**11 850 €**	**11 850 €**
TOTAL	**41 475 €**	**41 475 €**	**63 595 €**	**63 595 €**

* After déduction of a 21% compulsory levy at source

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

1.4.2. Pensions and other benefits

1.4.2.1. 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. He is also eligible for 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, subject to a maximum of two months fixed and variable compensation. At the end of 2016, this severance commitment (gross + employer charges) amounted to € 1,173k.
Beneficiary	**Nathalie Huitorel** who benefits from an employment contract as Chief Financial and Administrative Officer
Amount and calculation method	Under this contract, she benefits from 6 months' notice in the event of dismissal (except in the case of serious misconduct or gross negligence) or resignation. She is also eligible for contractual severance pay in the event she 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, subject to a maximum of two months fixed and variable compensation. This severance is also subject to performance conditions. At the end of 2016, this severance commitment (gross + employer charges) amounted to € 218k.
Beneficiary	**Dean Hum** who benefits from an employment contract as Chief Scientific Officer and Chief Operating 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. He is also eligible for 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, subject to a maximum of two months fixed and variable compensation. This severance is also subject to performance conditions. At the end of 2016, this severance commitment (gross + employer charges) amounted to € 607k.

1.4.2.2. Other benefits

Loans, advances or guarantees granted by the company to its corporate officers: none.

1.4.2.3. 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 Nomination 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.

In particular, the Company has not identified any specific financial risks related to the effects of climate change on its activity, although the Company takes measures, in particular in energy conservation and use of clean energy, described in its Social and Environmental Report, in order to reduce such effects.

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 is 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 rooms 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 by the Head of IT Security.
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. 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, 2016, 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 reference framework	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, 2016, 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 and cash forecasts.

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 budgets and cash forecasts.

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/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).

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 features 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
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:

- Nomination 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

Since the Company is listed on the stock exchange, all Supervisory Board members undertake to comply with the rules on insider trading described in particular in the European Regulation n°596/2014 on Market Abuse ("MAR") and the delegated regulations as well as the provisions of articles L.465-1 et seq. of the French Monetary and Financial Code.

Pursuant to the terms of Article 7 of MAR, 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.

The qualification of inside information means for any person the prohibition of the following until the information loses its insider character, notably by being made public:

- trading or attempting to trade with inside information;
- recommending to or encouraging another person to trade on inside information; or
- unlawfully disclose inside information, that is, disclose such information to another person, except where such disclosure takes place in the ordinary course of the exercise of a job, profession or functions.

Insider trading includes:

- the fact that a person holding inside information may use it by acquiring or disposing of, directly or indirectly, financial instruments to which that information relates, for his own account or for the account of third parties; and
- using recommendations or encouragements made by a person with inside information if the person knows or ought to know that the information is based on inside information.

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 *Autorité des marchés financiers* ("AMF").

In addition to the prohibitions regarding holding of inside information, the Company sets 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.

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.

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 Nomination 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 Middlenext in December 2009 and adopted by the company when its 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 Middlenext in December 2009, which followed the listing of the Company's securities on the Euronext regulated market.

By decision of the Supervisory Board on April 21, 2016, it was updated to provide for blackout periods for trading in the Company’s shares.

By decision of the Supervisory Board on December 15, 2016, it was updated in relation to the implementation of the new European Market Abuse Regulation.

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 Middlenext 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 Nomination 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 Middlenext 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 NOMINATION AND COMPENSATION COMMITTEE

The Nomination 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 Nomination 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 Nomination 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 Middlenext 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 Nomination 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 Nomination 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 Nomination 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 Nomination 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 Nomination and Compensation Committee at its meeting on April 05, 2007.

They were then updated by decision of the Nomination and Compensation Committee on April 21, 2015, following the Company's adoption of the Corporate Governance Code for Small and Midcaps issued by Middlenext 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 Nomination and Compensation Committee.

APPENDIX 4: REPORT OF THE STATUTORY AUDITORS ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Genfit

Year ended December 31, 2016

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code *(Code de commerce),* on the report prepared by the chairman of the supervisory board of Genfit

GRANT THORNTON
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92200 Neuilly-sur-Seine
S.A. au capital de € 2.297.184

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Genfit

Year ended December 31, 2016

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code (*Code de commerce*), on the report prepared by the chairman of the supervisory Board of Genfit

To the Shareholders,

In our capacity as statutory auditors of Genfit and in accordance with article L. 225-235 of the French commercial code (*Code de commerce*), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-68 of the French commercial code (*Code de commerce*) for the year ended December 31, 2016.

It is the chairman's responsibility to prepare and submit for the supervisory board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-68 of the French commercial code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,

- confirm that the report also includes the other information required by article L. 225-68 of the French commercial code *(Code de commerce)*. It should be noted that our role is not to verify the fairness of this other information.

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

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

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;

- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;

- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the supervisory board in accordance with article L. 225-68 of the French commercial code *(Code de commerce)*.

Other information

We confirm that the report prepared by the chairman of the supervisory board also contains the other information required by article L. 225-68 of the French commercial code *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, February 7, 2017

The statutory auditors
French original signed by

GRANT THORNTON	ERNST & YOUNG et Autres
Membre français de Grant Thornton International	
Jean-François Baloteaud	Franck Sebag

APPENDIX 5: REPORT ON SOCIAL AND ENVIRONMENTAL RESPONSABILITY

[INTENTIONALLY OMITTED]

APPENDIX 6: REPORT OF THE INDEPENDANT THIRD PARTY ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND CORPORATE INFORMATION

[INTENTIONALLY OMITTED]