HALF-YEAR BUSINESS AND FINANCIAL REPORT AT JUNE 30, 2017

(English version for information only*)

GENFIT

TOWARDS BETTER MEDICINE

*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.

SUMMARY

HALF-YEAR BUSINESS AND FINANCIAL REPORT AS OF JUNE 30, 2017

This report contains certain forward-looking statements. Although the Company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements. These risks and uncertainties include among other things, the uncertainties inherent in research and development, including related to biomarkers, progression of, and results of clinical data from, the RESOLVE-IT trial and the elafibranor in PBC trial, review and approvals by regulatory authorities, such as the FDA or the EMA, regarding in particular, elafibranor in NASH and PBC, as well as other drug candidates in other indications and biomarker candidates, the success of any inlicensing strategies, the Company's continued ability to raise capital to fund its development, as well as those discussed or identified in the Company's public filings with the AMF, including those listed under Section 7 "Main Risks and Uncertainties" of this report.

1. OVERVIEW OF THE GROUP

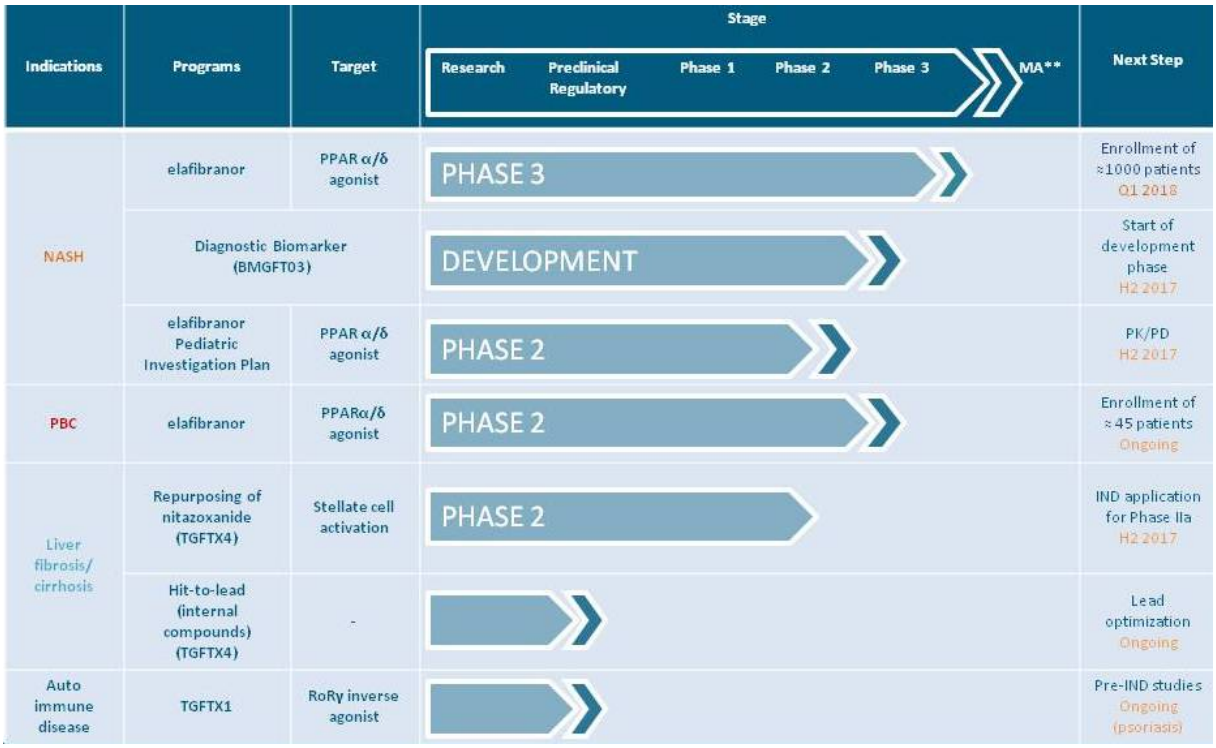
Created in 1999, Genfit is a biopharmaceutical group dedicated to the discovery and development of drugs in therapeutic areas with strong unmet medical needs due to the lack of efficient treatments and the increase in the number of patients worldwide. Genfit concentrates its research and development 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 approximately 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 10 below.

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



* Mechanism of action

** Marketing Authorization

More specifically, 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 Report. 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 end of 2018, and meeting the timelines estimated by the Company for its completion (the interim results should be available during the fourth quarter 2019) and the authorization of the regulatory agencies (see section 4.1.1.1 – "Risks related to clinical trials" of the 2016 Registration Document on the uncertain nature of these parameters), a conditional marketing authorization could be obtained for elafibranor in NASH during 2020. The Company also obtained FDA approval to initiate a Phase II clinical trial with elafibranor in PBC (Primary Biliary Cholangitis) – with the first patient enrolled in May 2017 - and a positive opinion of the EMA on its Pediatric Investigation Plan (PIP) in NAFLD/NASH. The Company has begun the early juvenile toxicology studies of the elafibranor PIP and the first studies to establish the feasibility of an evaluation of the effectiveness of elafibranor in a sub-population of NASH patients with an F4 fibrosis score (patients with cirrhosis) is also underway at the date of this Report. 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 NASH patients (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. 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 a new IVD tool As of this Report, the Company is entering the industrial and regulatory development stage of this test;

- 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, 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 a request for authorization from the FDA to launch a Phase II proof of concept study of nitazoxanide in NASH with advanced fibrosis to be made during the second half 2017. Other lead compounds identified in this program are being optimized with a goal to begin pre-clinical development;

- 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 certain respiratory illnesses.

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 432 patents and patent applications (of which 344 are issued or pending), grouped into 38 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, 329 patents and patent applications relate to elafibranor.

2. KEY EVENTS OF THE FIRST HALF 2017

GENFIT's R&D Programs

RESOLVE-IT Phase 3 study in NASH

Enrolment of patients in the RESOLVE-IT Phase 3 study progressed actively during the course of the first half 2017.

A 4 to 6 month delay in the initial enrolment calendar was observed during the first half, partly due to the increasing number of clinical trials now being launched in NASH, but is mainly attributable to the Company's desire to ensure enrollment quality in order to produce the most statistically robust clinical trial by ensuring that patient stratification ratios remain as close as possible to the medical reality.

Thus, during the half year and based on its past experience, the Company paid close attention to the following factors:

- Ethnically-balanced enrollment, even if the diversity sought creates administrative delays, in particular in certain countries in South America;

- Balance between the two arms of the study in each study center, leading to the selection of those centers which are able to mobilize a sufficiently large number of potentially eligible patients;

- Balance within the randomized patient population (gender, disease severity) and among geographical regions of enrollment.

With these precautions and despite the need, in this context, to open more centers, enrolment of the first ~1000 patients to participate in the first phase of the trial is expected to be completed towards the end of Q1 2018.

Early June, approximately one year after enrollment of the first patient in the RESOLVE-IT study, based on the initial tolerability and safety data, the Data Safety Monitoring Board (DSMB) issued a positive recommendation for the continuation of the RESOLVE-IT Phase 3 trial in NASH without any modifications.

Progress in the disease awareness program

In March 2017, the Company launched a disease awareness initiative through the endowment fund it founded in 2016, *The NASH Education Program™*, asserting its leadership in this area, and sparked an unprecedented wave of interest in the French media. This initiative is an important element in the awareness of all the stakeholders in NASH. It is also crucial in the context of enrollment for a little known and asymptomatic pathology like NASH.

This initiative, welcomed by a growing number of industry specialists and analysts, is planned to be launched in other countries. The Company announced that The NASH Education Program™ will organize the first International NASH Information Day in June 2018.

Opportunities in combination therapy

The Company is proactive in its combination therapy approaches in NASH, with elafibranor as the backbone therapy.

To address the multifactoral nature of the disease and the multiple co-morbidities that NASH patients face, the Company is evaluating the therapeutic potential of the following combinations with elafibranor:

- compounds from other GENFIT programs,
- already marketed drugs with complementary mechanisms of action,
- the most advanced compounds in the current NASH clinical landscape.

The goal is to treat the largest number of NASH patients, and if possible, using reduced dosages of the drugs to be combined with elafibranor.

In this context, during the International Liver Congress (held on April 19-23, 2017 in Amsterdam, and organized by EASL), the Company presented preclinical data on the therapeutic synergies of elafibranor with an FXR agonist (exemplified with obeticholic acid). These results illustrate the potential for new combination treatments with elafibranor for the best possible care for 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.

Elafibranor development program in Primary Biliary Cholangitis (PBC)

The Phase 2a clinical trial which is designed to evaluate the efficacy and safety of elafibranor in patients with primary biliary cholangitis (PBC) and inadequate response to ursodeoxycholic acid, entered into its active enrollment phase.

The Company announced in April that the European and American centers participating in the Phase 2 study had all been identified, and the first patient had been enrolled in the study at the beginning of May.

The trial is designed as follows:

- 3 arms: elafibranor 80mg, 120mg, placebo
- 45 patients (15 patients per arm)
- 12 weeks treatment
- 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 from baseline to end of treatment compared to 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 preliminary study results should be available, subject to meeting the Company's estimated timelines for carrying out the study and, in particular, the date of the last enrolled patient, during the second half of 2018.

Diagnostic biomarker program in NASH (BMGFT03)

At the International Liver Congress organized by EASL, the Company presented two abstracts on its biomarker program and development opportunities for a non-invasive in-vitro diagnostic (IVD) test in NASH.
The Company presented new data on:

- Identification of a simplified diagnostic score to identify NASH patients and monitor their disease evolution;
- new advances in research in miRNAs with diagnostic value.

These new, innovative miRNAs were identified by analyzing samples of over 500 NAFLD patients from different cohorts, including those from the RESOLVE-IT Phase 3 study.

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).

The two presentations/posters confirmed the potential of the approach developed by the Company and its ability to provide an IVD solution based on a blood test which is non-invasive, easy to use, and at lower cost and thus able to be widely available compared with other existing approaches or those in development. Although these other approaches, such as imaging and elastography, are complementary, they nevertheless require greater investment in equipment and training and would not, in any case, be able to replace a widely available point-of-care IVD tool.

Other results obtained in June confirmed the diagnostic potential of circulating microRNAs and the relevance of GENFIT's signature to identify patients with active NASH (NAS≥4) and significant fibrosis (F≥2), i.e. patients who should be treated:

- A new Next Generation Sequencing (NGS) experiment validates the diagnostic value of 13 circulating microRNAs, previously identified in GOLDEN-505 cohort and in a cohort of obese patients (Professor Sven Francque, LB 535, EASL 2017), in the Phase 3 RESOLVE-IT serum samples.

- A bioinformatics analysis confirms that a previously described signature combining miR-34a, alpha-2 macroglobulin, HbA1c and YKL-40 (Professor Stephan A. Harrison, LB 534, EASL 2017) has a significantly better diagnostic performance than other main scores described in scientific literature, when tested in both GOLDEN-Diag and RESOLVE-IT cohorts (see table below):

This data and the level of statistical performance obtained suggest that the GENFIT signature can answer different medical needs, at different steps of the patient journey, allowing general practitioners, endocrinologists, diabetologists and hepatologists to support their diagnosis including decision to treat a patient with an anti-NASH drug. The Company has finished the feasibility phase of the program to begin, in the second half of the year the phase of development which should be carried out with an industrial partner.

As part of the industrial phase for the development of a new In Vitro Diagnostic (IVD) test, GENFIT intends to partner with a major diagnostic company with particular expertise in microRNA application to IVD, which would also include the development of the test within IVD regulatory requirements, as well as the manufacturing of the kits.

Finally, during the first half, GENFIT continued to widen its research collaboration program on NASH biomarkers and announces the signing of an agreement with the University Hospital Center Angers (France). This collaboration with Professor Jérôme Boursier and Professor Paul Calès will provide access to an additional independent cohort of NASH and non-NASH patients. In the coming months, GENFIT expects to sign other collaborations to obtain access to new prospective longitudinal cohorts for further validation of GENFIT diagnostic test in future intended uses.

Repurposing of nitazoxanide in fibrosis (TGFTX4 program)

In the context of the TGFTX4 program, the Company has identified several potential drug candidates that show a strong anti-fibrotic activity in both cell-based assays and in vivo disease models.

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.

Nitazoxanide, an antiparasitic drug with proven safety, was repurposed as a potent antifibrotic agent with efficacy demonstrated in two disease models of liver fibrosis, as presented at the International Liver Congress organized by EASL.

The Company plans to submit to the FDA an application for authorization to launch a first Proof-of-concept phase 2 study of nitazoxanide in NASH patients with advanced fibrosis, before the end of 2017.

TGFTX1 program (RORgt)

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 in the design and optimization of novel RORgt inverse agonists.

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.

Governance

At the June 16, 2017 Extraordinary Shareholders' Meeting, the shareholders approved the change in mode of administration and management of the Company proposed by the management and decided to change from the historical two-tiered board structure of the Company (Executive Board and Supervisory Board) to a one tiered board with a Board of Directors.

The same Meeting also appointed all of the new members of the Board of Directors proposed by management, which is now composed of the following members:

- Jean-François Mouney
- Xavier Guille des Buttes
- Anne-Hélène Monsellato
- Catherine Larue
- Frédéric Desdouits
- Philippe Moons
- Biotech Avenir, represented by Florence Séjourné

GENFIT also welcomed two new members to the Company:

Dr. Catherine Larue who has been CEO ad interim of Luxembourg Institute of Health (LIH), a biomedical research institute, since January 2016.

From 2012 to end 2015, she was CEO of the Integrated Biobank of Luxembourg (IBBL), where she led the development of the biobanking strategy and new initiatives in the field of personalized medicine. Prior to joining the IBBL, Dr. Larue piloted the biomarker program at Genfit until 2012.

Dr. Catherine Larue began her career as team leader at Sanofi at the Montpellier, France based R&D center in the cardiovascular research department. She later joined Sanofi Diagnostics Pasteur Inc., in Minnesota, United States, where she ran the immunology department for three years, developing tests and instruments. She thereafter returned to Paris, France as Director at Sanofi Diagnostics Pasteur, and then spent 11 years at the Bio-Rad group, holding different management positions. She participated in the discovery of several innovative biomarkers and the commercialization of dozens of diagnostic products.

Dr. Catherine Larue is the author of 85 articles and has filed 13 patents. She holds a doctorate in experimental biology and an accreditation to direct research (*Habilitation à Diriger la Recherche* or HDR) from the University of Rouen, a degree in clinical oncology from the University of Paris VI and an executive MBA from St John's University (New York). In 2014, she was voted Luxembourg's most inspiring woman of the year in the "Science, Technology and Research" category.

Anne-Hélène Monsellato is a Certified Public Accountant in France since 2008 and graduated from EM Lyon in 1990 with a degree in Business Management.

Since May 2015, she has been an independent director, the Chairman of the Audit and Risk Committee and a member of the Corporate Governance and Nomination Committee of Euronav, a Belgian crude oil tanker company listed on NYSE and Euronext Brussels. In addition, she serves as the Vice President and Treasurer of the Mona Bismarck American Center for Art and Culture, a U.S. public foundation based in New York.

From 2005 until 2013, Mrs. Monsellato served as a Partner with Ernst & Young (now EY), Paris, after having served as Auditor/Senior, Manager and Senior Manager for the firm starting in 1990. During her time at EY, she gained extensive experience in cross border listing transactions, in particular with the U.S., internal control and risk management, and was involved with several companies in the pharmaceutical and biotechnology sector.

Mrs. Monsellato is an active member of the French Association of Directors (IFA) and of the selection committee of Femmes Business Angels since 2013.

The new Board of Directors met following the Ordinary and Extraordinary Shareholders' Meeting and appointed Mr. Jean-François MOUNEY as Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Xavier GUILLE DES BUTTES was appointed Vice-Chairman of the Board of Directors.

The members of the Audit Committee and the Nominations and Compensation Committee were also appointed:

Audit Committee:

- Anne-Hélène Monsellato, Chairman
- Philippe Moons
- Xavier Guille des Buttes

Nominations and Compensation Committee:

- Xavier Guille des Buttes, Chairman
- Jean-François Mouney
- Catherine Larue

3. OPERATING AND FINANCIAL REVIEW

3.1 Comments on the statement of consolidated net income for the periods ended June 30, 2016 and June 30, 2017

(i) Revenue and other income

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

Revenue and other income	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Revenues	151	65
Government grants	384	21
Research tax credit	3 043	4 533
Other operating income	69	91
Total	**3 647**	**4 710**

Revenue and other income amounts to € 4,710 thousand at June 30, 2017 compared to €3,647 thousand for the same period in the previous year representing an increase of 29%.

Revenues and other income are mainly made up of the Research Tax Credit which amounted to €4,533 thousand in the first half 2017 compared to €3,043 thousand in the first half 2016. This increase of 49% of the Research Tax Credit is many due to the increase in research and development expenses over the two halves, which is due to the progress of the RESOLVE-IT Phase III clinical study (see in particular, (ii) “operating expenses and other operating income by destination” below).

Revenues totaled €65 thousand at June 30, 2017 compared with €151 thousand for the same period in the previous half year, or a decrease of 51% (see Note 6.3.17 of the notes to the 2017 half year financial statements included herein, for more detail).

Government grants in the first half 2017 were €21 thousand compared with €384 thousand for the same period the previous year, owing to the end of the last subsidized research programs.

Finally, other operating income increased from €69 thousand at June 30, 2016 to €91 thousand at June 30, 2017.

(ii) Operating expenses and other operating income by destination

The tables below breaks down operating expenses by destination mainly into research and development expenses on the one hand, and general and administrative expenses on the other, for the half years ended June 30, 2016 and 2017.

Operating expenses and other operating income (expenses) (in € thousands)	Half-year ended 2016/06/30	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	(12 323)	(970)	(6 226)	(3 566)	(1 310)	(251)	0
General & administrative expenses	(4 166)	(45)	(0)	(2 202)	(1 842)	(77)	0
Other operating income	0	0	0	0	0	0	0
Other operating expenses	(1)	0	0	0	(1)	0	0
TOTAL	**(16 489)**	**(1 015)**	**(6 226)**	**(5 768)**	**(3 152)**	**(328)**	**0**

Operating expenses and other operating income (expenses) (in € thousands)	Half-year ended 2017/06/30	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	(23 670)	(1 351)	(14 329)	(3 984)	(3 545)	(461)	(0)
General & administrative expenses	(3 448)	(66)	(4)	(1 664)	(1 681)	(34)	0
Other operating income	(2)	0	0	0	0	0	(2)
Other operating expenses	36	0	0	0	36	0	0
TOTAL	**(27 084)**	**(1 416)**	**(14 333)**	**(5 648)**	**(5 190)**	**(495)**	**(2)**

Operating expenses in the first half 2017 amounted to €27,084 thousand compared to €16,489 thousand in first half 2016, or a 64% increase. They include, in particular:

- **research and development expenses**, which include the wages and salaries paid to the research staff (€3,984 thousand at June 30, 2017 compared to €3,566 thousand at June 30, 2016), the cost of consumables and operational outsourcing (particularly clinical and pharmaceutical representing €14,329 thousand at June 30, 2017 compared to €6,226 thousand at June 30, 2016), expenses related to intellectual property and the grant to the endowment fund, The NASH Education Program™ founded in December 2016. These research and development expenses amounted to €23,670 thousand at June 30, 2017 compared to €12,323 thousand at June 30, 2016), or 87% and 75% of operating expenses, respectively.

  The first half 2017 was marked by the increase in operational outsourcing costs related to the Phase III RESOLVE-IT study compared with the first half 2016 which was the beginning of the study. Although other programs also generated operational outsourcing costs in the first half 2017, these amounts were less significant compared to those related to the Phase III RESOLVE-IT because they are in an earlier stage of R&D.

  The expenses for personnel assigned to research in the first half 2017 increased by 12% compared to the expenses for the previous period a year earlier due to the increase in research personnel (93 versus 83), and to a lesser extent, the impact in the first half 2017 of expenses related to the implementation of stock option and free share plans on December 15, 2016, while no equity incentive compensation of this kind was granted during the first half 2016. These two elements compensated the fact the Company's incentive plan was not used in the first half 2017, whereas bonuses were granted under the plan in the first half 2016.

- **general and administrative expenses**, which include the costs of personnel not assigned to research (€1,664 thousand at June 30, 2017 compared to €2,202 thousand at June 30, 2016), and administrative and commercial costs.

These general and administrative expenses amounted to €3,448 thousand in the first half 2017 compared with €4,166 thousand in the first half 2016, or 13% and 25% of operating expenses and other operating income, respectively.

The expenses for personnel not assigned to research in the first half 2017 decreased 24% compared with the expenses in the same period in the preceding year. Although the average number of personnel not assigned to research (31 versus 25) increased from one half to the other, in the absence of eligible events under the incentive plan, the bonuses granted to certain of these employees under the incentive plan in the first half 2016, were not granted in the first half 2017.

(iii) 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 & development activities conducted by third parties	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Research & development expenses	(6 226)	(14 329)
General & administrative expenses	(0)	(4)
Other operating income	0	0
Other operating expenses	0	0
TOTAL	**(6 226)**	**(14 333)**

Contracted research and development expenses conducted by third parties amounted to €14,333 thousand in the first half 2017 compared to €6,226 thousand in the first half 2016, corresponding to a 130% increase, which is mainly due to the increase in costs related to the Phase III RESOLVE-IT study. The Company expects this expense item to continue to increase substantially during the second half of 2017 in conjunction with the progress of the RESOLVE-IT study.

Employee expenses

Employee expenses	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Wages and salaries	(4 188)	(3 985)
Social security costs	(1 548)	(1 503)
Pension costs	(33)	(31)
Share-based compensation	0	(129)
TOTAL	**(5 768)**	**(5 648)**

Employee expenses excluding share-based compensation amounted to €5,519 thousand in the first half 2017 compared to €5,768 thousand in the first half 2016, or a 4% decrease, despite the average number of employees increasing from 103 in the first half 2016 to 124 in the first half 2017.

This change is mainly due to bonuses granted to certain employees under the Company's incentive plan during the first half 2016, whereas the incentive plan was not used in the first half 2017.

The amount recognized as share-based compensation free of any impact on cash flow increased from €0 in the first half 2016 to €129 thousand in the first half 2017 as a result of the stock option and free share plans put in place by the Company on December 16, 2016. For further information, please refer to Note 6.20 of the Notes to the Consolidated Financial Statements for the period ended June 30, 2017.

Other expenses

Other expenses (maintenance, fees, travel, taxes…)	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Research & development expenses	(1 310)	(3 545)
General & administrative expenses	(1 842)	(1 681)
Other operating income	0	0
Other operating expenses	(1)	36
TOTAL	**(3 152)**	**(5 190)**

Other expenses amount to €5,190 thousand in the first half 2017 compared to €3,152 thousand in the first half 2016, or an increase of 65%. They include, in particular:

- "fees," which include legal, audit, accounting and recruiting fees, the fees of various advisors (press relations, investor relations, communication, IT), external service providers (guard, security, reception and clinical trial management), as well as the fees of some of its scientific advisers. This amount also includes Intellectual Property expenditures corresponding the fees incurred by the Company in connection with the registration and protection of its patents;

- expenses related to the rental, use, and maintenance of its registered offices, and rental of offices in the United States;

- expenses related to business travel and conferences of employees and external service providers' as well as the costs of participation in scientific, medical, financial, and business development conferences.

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

In particular, the growth in other operating expenses related to R & D activity from one semester to the next is mainly due to:

- the impact in the first half 2017 accounts of the Company's grant to the endowment fund, The NASH Education Program (the fund had not yet been created in the first half 2016);
- the increase in staffing costs for the management of ongoing clinical trials; and
- the increase in fees and charges for Intellectual Property.

The decrease in other operating expenses related to general and administrative activities from one semester to the next is essentially due to a decrease in legal fees.

Financial income

Financial income amounted to a loss of €214 thousand at June 30, 2017 compared to financial income of €181 thousand in the first half 2016.

This loss is due to an increase in financial expenses which increased from €97 thousand at June 30, 2016 to €555 thousand at June 30, 2017, which was mainly the result of an exchange rate loss of €511 thousand (compared with €19 thousand at June 30, 2016) due to changes in the euro to dollar exchange rate.

(i) Net income (loss)

The first half 2017 resulted in a net loss of €22,615 thousand compared to a net loss of €12,662 thousand in the first half 2016.

3.2 Comments on the statement of financial position at June 30, 2017

At June 30, 2017, the total amount of the Group's Statement of Financial Position amounts to €147,404 thousand compared to €166,214 thousand as of December 31, 2016.

At June 30, 2017, the Group's cash and cash equivalents amount to €126,286 thousand, compared to €152,277 thousand as of December 31, 2016.

(ii) **Non current assets**

Non-current assets, which include goodwill and intangible, tangible, and financial assets, increase from €4,219 thousand as of December 31, 2016 to €6,025 thousand at June 30, 2017. This increase is mainly due to investments made in the first half 2017 (scientific equipment and IT materials).

(iii) **Current assets**

Current assets amount to €141,379 thousand at June 30, 2017 compared to €161,996 thousand as of December 31, 2016.

The variation of trade and other receivables is justified by the receivables related to the research tax credit for the fiscal years 2014, 2016 and the first half 2017. Further information regarding the nature of these receivables is provided in note 6.7 of the Notes to the half 2017 year consolidated financial statements included herein (see also chapter 8 of this Report).

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

Cash and cash equivalents went from €152,277 thousand as of December 31, 2016 to €126,286 thousand at June 30, 2017, a decrease of 17%.

Cash & cash equivalents	As of	
(in € thousands)	2016/12/31	2017/06/30
Short-term deposits	150 438	107 517
Cash & bank accounts	1 839	18 769
TOTAL	**152 277**	**126 286**

(iv) **Shareholders' equity**

As of June 30, 2017, the amount of the Group's shareholders' equity totaled €120,293 thousand compared to €142,797 thousand as of December 31, 2016.

The change in the Company's shareholders' equity is mainly due to the recognitation of the half year loss.

The Notes to the 2017 half year consolidated financial statements included herein, as well as the Table of Changes in Shareholders' Equity established under IFRS provide details on the change in the Company's share capital and the Group's shareholders' equity, respectively.

(v) **Non current liabilities**

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

- conditional advances granted to GENFIT SA by Bpifrance for the purpose of financing the research programs detailed in Note 6.12.1.1 "Refundable and Conditional Advances" of the notes to the 2017 half year consolidated financial statements included herein; and
- bank loans (for further detail, please refer to section note 6.12.1.2 “Bank loans” of the notes to the 2017 half year consolidated financial statements included herein).

(vi) **Current liabilities**

This balance sheet item mainly includes liabilities reaching maturity in less than one year, such as conditional advances granted by Bpifrance to GENFIT, trade payables, and social security expenses. Please also refer to notes 6.12.2 and 6.13 of the notes to the 2017 half year consolidated financial statements included herein. Changes in current liabilities are essentially due to, as indicated above, the increase in trade payables related to the increase in contracted research and development activities.

Trade & other payables - Current	As of	
(in € thousands)	2016/12/31	2017/06/30
Trade payables	13 341	14 953
Social security costs payables	2 562	2 372
Employee profit sharing	17	17
VAT payables	24	22
Taxes payables	187	156
Other payables	14	27
TOTAL	**16 146**	**17 549**

4. MAIN INTRAGROUP TRANSACTIONS

Effective as from January 1, 2017, GENFIT CORP and GENFIT SA renewed their intragroup services agreement through which GENFIT CORP provides certain services to GENFIT SA, particularly services associated with the clinical trials monitoring, investor relations in the United States, and business development. This agreement provides for the cost of said services to be equal to the fees and expenses incurred by GENFIT CORP while performing the services described in the agreement, plus 5%. "Structural" costs are billed at cost. In the first half 2017, GENFIT CORP billed USD$2,116 thousand to GENFIT SA.

In addition, GENFIT and GENFIT CORP renewed their cash management agreement effective as of January 1, 2017. The purpose of this agreement will be to ensure GENFIT SA'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.

5. MAIN TRANACTIONS WITH RELATED PARTIES

This information is available in note 6.25 to the 2017 half year consolidated financial statements published in this report.

6. CAPITAL SOCIAL

Changes in the Company's share capital since 2006 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**

No transaction occurred in the first half 2017 which changed the share capital.

7. MAIN RISKS AND UNCERTAINTIES

The risk factors affecting the Company are discussed in Chapter 4 of the Company"s 2016 Registration Document registered with the Autorité des marchés financiers ("AMF") on April 28, 2017 under no. R.17-034.

The main risks and uncertainties which the Company could face in the remaining six months of the fiscal year are identical to those presented in the 2016 Registration Document available on the Internet website of the Company, with the exception of the following updated risk factor:

Exchange rate risk

As of the date of this Report, the Company's exposure to exchange rate risk is moderate because the majority of all of its operations are denominated in euros, except those realized in US dollars by Genfit Corp.

In the future and in particular, in relation to its clinical trials, the Company will be required to manage transactions denominated in 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 currency forwards in US dollars). If its currency exposure were to change, the Company could 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 the first half 2017:

Sensitivity of the Company's expenses to a variation of +/- 10% of US dollar (during the period) (in € thousands or in US dollar thousands)	Half-year ended 2017/06/30
Expenses denominated in US dollars	2 541
Equivalent in euros, on the basis of a 1 euro = 1,1412 US dollar ratio	2 227
Equivalent in euros, in the event of an increase of 10% of US dollar vs euro	2 474
Equivalent in euros, in the event of a decrease of 10% of US dollar vs euro	2 024

For the 2016 fiscal year, the net impact of the operational exchange rate risk amounted to a foreign exchange gain of €100 thousand, and for the half year 2017, an exchange rate loss of €511 thousand, although these gains and losses do not predict the future impact of exchange rate risk.

These risks may occur during the remaining six months of the fical year but also during subsequent fiscal years.

8. LEGAL AND ARBITRATION PROCEEDINGS

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 appealed a ruling by the trial court in this matter.

As of the date of this Report, 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

1. Subject matter of the dispute

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) for the 2010 fiscal year, 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 dispute with the French tax authorities pertains mainly to collaborative research alliances with companies in the pharmaceutical industry. The tax authorities contend that, in these alliances, 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 appealed 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 for the balance, requested it be set-off with the amount withheld in respect of its receivable from the CIR for 2014 (€1,141 thousand), as mentioned below.

In the course of the treatment of this request for set-off, the authorities conducted additional investigations with the intent to apply the same sub-contratcing doctrine. Following these investigations, the authorities informed the Company in August 2017 that it granted part of the Company's request for reimbursement with respect to the 2014 CIR, in the amount of €693 thousand. The two parties agreed that this amount would be used to extinguish a part of the €1,479 thousand previously assessed.

On February 15, 2017, the Company filed a claim contesting the aforementioned adjustments and a second claim is expected to be filed in the coming weeks.

2. Potential liability

The Company, applying IFRS standards, calculated its potential liability should the tax authorites' interpretation with respect to the 2010 to 2015 CIR prevail. The mention of this potential tax liability in this Report and in the Notes to the 2017 half year consolidated financial statements included herein does not, under any circumstances whatsoever, constitute an acknowledgement of the tax authorities' arguments in this matter. On the basis of analyses conducted by third party experts, the Company believes that this potential tax liability could amount to €1,925 thousand, out of the aggregate €20,695 thousand in CIRs reported in the 2010 to 2015 financial statements. (see note 6.24 of the 2017 half year consolidated financial statements included herein).

Despite the payment made pursuant to the amounts in the assessement notice, the amount of the potential liability of €1,925 thousand mentioned above remains unchanged due to the claims filed by the Company.

The Company has however recognized a provision for this litigation amounting to €156k for contracts, not including joint research alliances, 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.

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, €4 thousand of which it has contested before the *Commission de Recours Amiable* (amicable settlement board).

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, now its Chairman and CEO. 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 Chairman of the Executive Board, now Chairman and 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, now Chairman and CEO, 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 Genfit's Chairman and CEO vigorously contested the claims that were notified to them.

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

At its meeting on September 7, 2017, the Sanctions Commission of the AMF heard from Biotech Avenir, the holding company of the founders and managers of Genfit, and the Chairman of Biotech Avenir, Jean-François Mouney, also Chairman of the Board of Directors and Chief Executive Officer of Genfit. The AMF's Board (*Collège*) sought fines of €60,000 for each of Biotech Avenir and its Chairman, while Mr Christophe Lepître, who was appointed Rapporteur by the Sanctions Commission, and is responsible for examining the matter in order to prepare a report to the Commission, concluded that there had been no fault and requested they be cleared from any alleged wrongdoing.

9. SUBSEQUENT EVENTS TO JUNE 30, 2017

See note 6.28 to the Notes to the 2017 half-year consolidated financial statements included herein.

10. OUTLOOK

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 – or in therapeutic areas which are not strategic for GENFIT - to successfully conduct clinical trials and/or bring products to market requiring significant resources.

This strategy has recently led the Company to undertake disease awareness efforts under the auspices of an endowment fund known as "The NASH Education ProgramTM", dedicated to the development and funding of awareness and education activities aimed at the medical community and the general public.

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 PBC**. With respect to this program, the Company has begun Phase III development of elafibranor in

NASH with the RESOLVE-IT pivotal clinical trial in progress as of the date of this Report. It also launched a Phase II clinical trial with elafibranor for the treatment of Primary Biliary Cholangitis (PBC), and launched the first juvenile toxicology studies of the elafibranor Pediatric Investigation Plan in the NAFLD/NASH. It 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 either with complementary methods of actions or enlarging the treated population by addressing the co-morbidities of NASH patients. The first studies to establish the feasibility of an evaluation of the effectiveness of elafibranor in a sub-population of NASH patients with an F4 fibrosis score (cirrhotic patients) has also begun. 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.

11. DECLARATION BY THE PERSON RESPONSIBLE FOR THE INFORMATION

"I hereby declare, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable generally accepted accounting principles and give a true and fair view of the assets and liabilities, the financial position and the results of the Company at June 30, 2017, and that the half year business and financial report gives a true and fair view of the important events of the first six months of the fiscal year and their impact on the half year financial statements, the main related party transactions as well as a description of the main risks and uncertainties for the six months to come."

Jean-François Mouney
Chairman of the Board of Directors and Chief Executive Officer

Loos, September 22, 2017

Encl:

- Condensed consolidated financial statements at June 30, 2017
- Significant accounting policies
- Notes to the consolidated financial statements at June 30, 2017

HALF-YEAR FINANCIAL STATEMENTS AS OF JUNE 30, 2017

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1. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS (in € thousands)	Notes	As of 2016/12/31	 2017/06/30
Non-current assets			
Intangible assets	6.5.	668	778
Property, plant & equipment	6.6.	3 010	4 676
Other non-current financial assets	6.8.	541	571
Total - Non-current assets		4 219	6 025
Current assets			
Inventories	-	14	4
Current trade & others receivables	6.7.	8 394	13 192
Other current financial assets	6.8.	174	173
Other current assets	6.9.	1 137	1 723
Cash & cash equivalents	6.10.	152 277	126 286
Total - Current assets		161 996	141 379
Total - Assets		**166 214**	**147 404**

EQUITY & LIABILITIES (in € thousands)	Notes	As of 2016/12/31	 2017/06/30
Shareholders' equity			
Share capital	6.11.	7 792	7 792
Share premium	-	237 305	237 434
Retained earnings	-	(68 654)	(102 321)
Currency translation adjustment	-	21	4
Net loss	-	(33 667)	(22 615)
Total shareholders' equity - Group share		142 797	120 294
Non-controlling interests	-	0	0
Total - Shareholders' equity		142 797	120 294
Non-current liabilities			
Non-current loans & borrowings	6.12.	5 004	6 916
Non-current deferred income and revenue	6.14.	3	3
Non-current employee benefits	6.16.	849	893
Total - Non-current liabilities		5 855	7 812
Current liabilities			
Current loans & borrowings	6.12.	1 248	1 587
Current trade & other payables	6.13.	16 146	17 549
Current deferred income and revenue	6.14.	1	1
Current provisions	6.15.	167	162
Total - Current liabilities		17 562	19 299
Total - Equity & liabilities		**166 214**	**147 404**

2. CONSOLIDATED STATEMENTS OF OPERATIONS

(in € thousands, except earnings per share data)	Notes	Half-year ended 2016/06/30	Half-year ended 2017/06/30
Revenues and other income			
Revenue	6.18.	151	65
Other income	6.18.	3 495	4 645
Revenues and other income		3 647	4 710
Operating expenses and other operating income (expenses)			
Research & development expenses	6.19.	(12 323)	(23 670)
General & administrative expenses	6.19.	(4 166)	(3 448)
Other operating income	6.19.	0	(2)
Other operating expenses	6.19.	(1)	36
Operating loss		(12 843)	(22 374)
Financial revenue	6.21.	278	341
Financial expenses	6.21.	(97)	(555)
Financial loss		181	(214)
Income tax	6.22.	(0)	(26)
Net loss		**(12 662)**	**(22 615)**
Attributable to owners of the Company		(12 662)	(22 615)
Attributable to non-controlling interests		0	0
Basic / diluted loss per share attributable to shareholders of Genfit			
Basic earnings per share (€/share)	6.23.	(0.49)	(0.72)

3. CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS

(in € thousands)	Notes	Half-year ended 2016/06/30	2017/06/30
Net loss		**(12 662)**	**(22 615)**
Actuarial gains and losses	6.16.	0	0
Other comprehensive income (loss) that will never be reclassified to profit or loss		0	0
Exchange differences on translation of foreign operations		(5)	(18)
Other comprehensive income (loss) that are or may be reclassified to profit or loss		(5)	(18)
Total other comprehensive loss		**(12 667)**	**(22 632)**
Attributable to owners of the Company		(12 667)	(22 632)
Attributable to non-controlling interests		0	0

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in € thousands)	Half-year ended 30/06/2016	Year ended 31/12/2016	Half-year ended 30/06/2017
Cash flows from operating activities			
+ Net loss	(12 662)	(33 667)	(22 615)
+ Non-controlling interets			
Reconciliation of net loss and of the cash used for operating activities			
Adjustments for:			
+ Amortization	274	630	505
+ Depreciation & impairment charges	39	186	36
+ Expenses related to share-based compensation	0	11	129
- Gain / (loss) on disposal of property, plant & equipment	0	0	2
+ Net finance expenses / (revenue)	71	45	20
+ Income tax expense	0	35	26
+ Other non-cash items	(394)	(338)	(27)
Operating cash flows before change in working capital	(12 671)	(33 098)	(21 923)
Change in:			
Decrease (+) / increase (-) in inventories	12	14	10
Decrease (+) / increase (-) in trade receivables & other assets	(3 599)	(2 942)	(5 384)
Decrease (-) / increase (+) in trade payables & other liabilities	2 951	8 828	1 396
Change in working capital	(636)	5 900	(3 978)
Income tax paid	0	(28)	0
Net cash flows provided by (used in) operating activities	**(13 308)**	**(27 226)**	**(25 902)**
Cash flows from investment activities			
- Acquisition of property, plant & equipment	(686)	(2 036)	(1 120)
+ Proceeds from disposal of property, plant & equipment	(0)	(0)	(0)
- Acquisition of financial instruments	0	(51)	(11)
+ Proceeds from sale of financial instruments	0	0	0
- Acquisition of subsidiary, net of cash acquired	0	0	0
Net cash flows provided by (used in) investment activities	**(686)**	**(2 086)**	**(1 131)**
Cash flows from financing activities			
+ Proceeds from issue of share capital (net)	47 978	121 007	0
+ Proceeds from subscription / exercise of share warrants	0	50	0
+ Proceeds from new loans & borrowings	1 000	1 500	1 915
- Repayments of loans & borrowings	(390)	(1 034)	(848)
- Financial interests paid (including finance lease)	(66)	(43)	(24)
Net cash flows provided by (used in) financing activities	**48 522**	**121 480**	**1 042**
Increase / (decrease) in cash & cash equivalents	**34 529**	**92 167**	**(25 990)**
Cash & cash equivalents at the beginning of the period	**60 111**	**60 111**	**152 277**
Cash & cash equivalents at the end of the period	**94 640**	**152 277**	**126 286**

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, 2016	**23 958 904**	**5 990**	**118 038**	**127**	**(51 619)**	**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**	**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**	**(68 781)**	**21**	**(33 667)**	**142 797**	**0**	**142 797**
Net loss							(22 615)	(22 615)		(22 615)
Other comprehensive income (loss)					0	(18)		(18)		(18)
Total comprehensive income (loss)	**0**	**0**	**0**		**0**	**(18)**	**(22 615)**	**(22 632)**	**0**	**(22 632)**
Allocation of prior period profit (loss)					(33 667)		33 667	**0**		0
Capital increase	0	0	0					0		0
Share-based compensation			129					129		129
Treasury shares				0				0		0
Other movements			0					0		0
As of December 31, 2017	**31 166 437**	**7 792**	**237 434**	**127**	**(102 447)**	**4**	**(22 615)**	**120 294**	**0**	**120 294**

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"), at June 30, 2017. Comparative figures are presented for the year ended December 31, 2016 and the half-year ended June 30, 2016.

In application of EC Regulation no 1606/2002, the financial statements for the half year ended June 30, 2017 were prepared in accordance with IAS 34 on interim financial information, the IFRS standard as adopted by the European Union. GENFIT applied IAS 1, *Presentation of Financial Statements*, to prepare in consolidated financial statements at June 30, 2017.

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.

Entities are consolidated on the basis of interim balance sheets at June 30, 2017. These consolidated financial statements for the six-month period ended June 30, 2017 were prepared under the responsibility of the Board of Directors that approved such statements on September 22, 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

None.

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

The paragraph below describes the standards and amendments to standards that are binding and apply starting from January 1, 2018 or later, and indicates GENFIT's position with respect to the future application of these texts.

GENFIT has not applied any of these texts earlier than required.

New or amended Standards Text already adopted in the EU		Effective date	Potential 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 (2009) IFRS 9 (2010) Amendments to IFRS 7 and IFRS 9	Applicable for fiscal years open from January 1, 2018. Early adoption permitted.	The Group is currently assessing the impact of this standard on its consolidated financial statements.
IFRS 15 *Revenue from Contracts with Customers* **IFRS 15 Amendment** *Clarification*	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*.	Applicable for fiscal years open from January 1, 2018. Early adoption permitted.	The Group is currently assessing the impact of this standard on its consolidated financial statements.

New standards Text not adopted in the EU		Effective date	Potential impact on consolidated financial statements
IFRS 16 *Leases*	IFRS 16 aligns the accounting of simple leases to that of finance leases.	Applicable for fiscal years open from January 1, 2019.	The Group is currently assessing the impact of this standard on its consolidated financial statements.

Amendments to standards Text not yet adopted in the EU		Effective date	Potential impact on consolidated financial statements
Amendment to IAS 12 *Deferred tax assets on unrealized losses*	The amendment to IAS 12 clarifies how to recognize future taxable profits required to recognize these deferred tax assets.	Applicable for fiscal years open from January 1, 2017.	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
Amendment to IAS 7 *Disclosure initiatives*	This amendment to IAS 7 concerns the disclosure of changes in financial liabilities on the balance sheet.	Applicable for fiscal years open from January 1, 2017.	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
Amendment to IFRS 2 Share-based payments	This amendment to IFRS 2 provides clarification on the valuation and modification of plans.	Applicable for fiscal years open from January 1, 2018.	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
Improvement of IFRS, 2014-2016 cycle	This cycle concerns IFRS 1, IFRS 12 and IAS 28.	Applicable respectively for fiscal years open from January 1, 2018, January 1, 2017 and January 1, 2018.	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.
IFRIC 22 *Foreign currency transactions and advanced consideration*		Applicable for fiscal years open from January 1, 2018.	These provisions are not expected to have a significant impact on the Group's consolidated financial statements.

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 6.3.19.2. - "Research tax credit"), employee benefits (see section 6.3.17. - "Employee benefits") and share-based payments. (see section 6.20 - "Share-based compensation").

6.3.2. Consolidation

An investor controls an investee when the investor is exposed to variable returns from its involvement with the investee, and when the investor has the ability to affect those returns through its power over the investee. The notion of control implies exposure, or rights, to variable returns from the involvement with the investee and the ability to affect those returns through the power over the investee.

The Group controls all the entities included in the consolidation.

6.3.3. Foreign currency

6.3.3.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the entities of the Group at the exchange rates applicable at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date.

The resulting exchange gains or losses are recognized in the statement of operations.

6.3.3.2. Foreign currency translation

The assets and liabilities of foreign operations having a functional currency different from the euro are translated into euros at the closing exchange rate. The income and expenses of foreign operations are translated into euros at the exchange rates effective at the transaction dates or, in practice, using the average exchange rate for the reporting period unless this method cannot be applied due to significant exchange rate fluctuations.

Gains and losses arising from foreign operations are recognized in the statement of other comprehensive loss. When a foreign operation is partly or fully divested, the associated share of gains and losses recognized in the currency translation reserve is transferred to the statement of operations.

The Group presentation currency is euro, which is also the functional currency of GENFIT S.A.
The functional currency of GENFIT CORP is US dollars.

Euros (EUR) / US dollars (USD)	Half-year ended 2016/06/30	Year ended 2016/12/31	Half-year ended 2017/06/30
Exchange rate at period-end	0.90074	0.94868	0.87627
Average exchange rate for the period	0.89672	0.90389	0.92427

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 software and license agreements are between 3 and 5 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.

Estimated useful lives are as follows:

Scientific equipment	Between 4 and 12 years
Computer equipment	4 years
Furniture	10 years
Vehicles	6 years

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item. The net amount is recognized in the consolidated statement of operations under the line item "Other operating income" or "Other operating expenses."

6.3.6. Leases

6.3.6.1. Finance leases

If, according to the terms of a lease, it appears that substantially all the risks and rewards incidental to ownership are transferred from the lessor to the lessee, the leasing contract is qualified as a finance lease. The associated leased assets are initially recognized as an asset at their fair value or 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. Financial instruments

The Company may use financial instruments in connection with the application of IAS 39, *Financial Instruments Recognition and Measurement*, in connection with the Company's foreign exchange risk.
Instruments are measured and recognized at fair value. Market values are determined on the basis of valuations communicated by external and independent experts. Changes in the fair value of these instruments are always recorded in profit or loss, except in the case of hedging relationships relating to future cash flows.

When a derivative financial instrument has not been (or is no longer) classified as a hedge, its successive changes in fair value are recognized directly in profit or loss for the period in the "financial expenses" account.

6.3.9. 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.

6.3.10. 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.

6.3.11. 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.

6.3.12. 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.

6.3.13. 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.

6.3.14. 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.

6.3.15. 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.

6.3.16. 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.

6.3.17. Employee benefits

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

6.3.17.1. 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.

6.3.17.2. 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.

6.3.17.3. 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.

6.3.18. Revenues

Until and including in 2015, GENFIT recognized revenues from co-research alliances with partners in the pharmaceutical industry.
Until 2016, GENFIT recognized revenues from occasional provision of research services.

Revenue recognized in the first half 2017 related to the sub-lease of a part of its corporate headquarters.

6.3.19. Other income

6.3.19.1. Government grants

The Group received until 2016 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

The interest-bearing advance has been provided by MEL ("Métropole Européenne de Lille"), formerly named LMCU ("Lille Métropole Communauté Urbaine" hereafter "Lille Metropolitan Urban Community") in order to support the Group. Repayment of the advance is required regardless of the circumstances.

6.3.19.2. 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.

6.3.20. 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.

6.3.21. 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;
- grants to the endowment fund, The NASH Education Program™ earmarked in particular to finance the creation of a patient registry by Pinnacle Clinical Research, 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.

6.3.22. 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.

6.3.23. 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.

6.3.24. 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).

6.3.25. Operating segments

The Executive Board and since June 16, 2017, the Board of Directors and Chief Executive Officer are the Chief Operating Decision Maker (“CODM”).
The Executive Board, and since June 16, 2017, the Board of Directors and the Chief Executive Officer, oversee the operations and manage 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 the majority of its operations are denominated in euros, with the notable exception of the operations performed by GENFIT CORP in US dollars.

In the future, and in particular with respect its clinical trials, GENFIT S.A. might need to manage an increasing number of transactions denominated in other foreign currencies or indirectly exposed to currency risk, which will increase its overall exposure to this risk.

The increase in the overall exposure of the Company to this risk will 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 (purchase of US dollars and UCITS in dollars, currency forwards in US dollars). However, if its currency exposure were to progress, the Company would consider putting in place appropriate hedging arrangements.

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 the first half 2017:

Sensitivity of the Company's expenses to a variation of +/- 10% of US dollar (during the period) (in € thousands or in US dollar thousands)	Half-year ended 2017/06/30
Expenses denominated in US dollars	2 541
Equivalent in euros, on the basis of a 1 euro = 1,1412 US dollar ratio	2 227
Equivalent in euros, in the event of an increase of 10% of US dollar vs euro	2 474
Equivalent in euros, in the event of a decrease of 10% of US dollar vs euro	2 024

For the 2016 fiscal year, the net impact of the operational exchange rate risk amounted to a foreign exchange gain of €100 thousand, and for the half year 2017, an exchange rate loss of €511 thousand, although these gains and losses do not predict the future impact of exchange rate risk.

6.4.2. Interest rate risk

To date, the Group is only liable for governmental advances or conditional advances with no interest or interest at a fixed rate, generally below market rate. Consequently, the Group is not significantly exposed to fluctuations in interest rates for their liabilities.

At June 30, 20176, the Group's financial liabilities totaled €8,503k (as of December 31, 2016: €6,252k). The only variable-rate loan was repaid during the period (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. At June 30, 2017, the Group has €127,031k in cash and cash equivalents and other financial assets (as of December 31, 2016: €152,992k). The Group's net cash at June 30, 2017 amounted to €117,783k (€146,024k at December 31, 2016). In light of this amount at June 30, 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.

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.

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 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 31/12/2016	Increase	Decrease	Translation adjustments	Reclassification	As of 30/06/2017
Gross						
Software	1 688	248	(40)	0	0	1 896
Patents	21	0	0	0	0	21
Other intangibles	0	0	0	0	0	0
TOTAL - Gross	**1 709**	**248**	**(40)**	**0**	**0**	**1 917**
Accumulated depreciation & impairment						
Software	(1 020)	(135)	38	0		(1 118)
Patents	(21)	0	0	0		(21)
Other intangibles	0	0	0	0		0
TOTAL - Accumulated depreciation & impairment	**(1 042)**	**(135)**	**38**	**0**		**(1 139)**
TOTAL - Net	**668**	**112**	**(2)**	**0**	**0**	**778**

6.6. PROPERTY, PLANT AND EQUIPMENT

Immobilisations corporelles - Movements (En milliers d'euros)	As of 31/12/2016	Increase	Decrease	Translation adjustments	Reclassification	As of 30/06/2017
Gross						
Buildings on non-freehold land	0	0	0	0	0	0
Scientific equipment	6 078	1 838	(32)	0	0	7 884
Fittings	988	95	0	0	0	1 083
Vehicles	82	0	0	0	0	82
Computer equipment	1 475	182	(12)	0	0	1 645
Furniture	317	12	0	0	0	329
In progress	(0)	(78)	0	0	0	(78)
TOTAL - Gross	**8 940**	**2 048**	**(44)**	**0**	**0**	**10 944**
Accumulated depreciation & impairment						
Buildings on non-freehold land	0	0	0	0		0
Scientific equipment	(4 438)	(250)	31	0		(4 656)
Fittings	(657)	(32)	0	0		(689)
Vehicles	(29)	(8)	0	0		(37)
Computer equipment	(530)	(85)	11	0		(605)
Furniture	(276)	(5)	0	0		(281)
In progress	0	0	0	0		0
TOTAL - Depreciation & impairment	**(5 930)**	**(380)**	**42**	**0**		**(6 268)**
TOTAL - Net	**3 010**	**1 668**	**(2)**	**0**	**0**	**4 676**

Assets under finance lease contracts relate to scientific equipment. Their net carrying value as of June 30, 2017 amounts to €1,500k (at December 31, 2016: €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 €1,073k at June 30, 2016 for the next 12 months:

Operating lease payments - group as lessee (in € thousands)	Half-year ended 2016/06/30	2017/06/30
Minimum payments - for the period	460	542

Operating lease commitments - group as lessee (in € thousands)	As of 2016/12/31	2017/06/30
Minimum payments - within 1 year	1 072	1 073
Minimum payments - after 1 year but no more than 5 years	4 289	4 230
Minimum payments - more than 5 years	725	252
TOTAL	**6 086**	**5 555**

GENFIT has guaranteed its obligation under the lease agreement for the headquarters in Lille in the amount of €455k at June 30, 2017 (same amount as of December 31, 2016).

Financial commitments – Capital leases

Minimum future payments under capital leases amount to:

Finance lease & hire purchase commitments	As of	
(in € thousands)	2016/12/31	2017/06/30
Minimum payments - Within 1 year	81	306
Minimum payments - After 1 year but not more than 5 years	314	1 175
Minimum payments - More than 5 years	0	0
Total - Minimum payments	**394**	**1 481**
Of which : Repayment - Within 1 year	79	15
Of which : Repayment - After 1 year but not more than 5 years	311	281
Of which : Repayment - More than 5 years	0	0
Total - Of which : Repayments	**390**	**295**
Of which : Interests - Within 1 year	1	15
Of which : Interests - After 1 year but not more than 5 years	3	25
Of which : Interests - More than 5 years	0	0
Total - Of which : Interests	**4**	**40**

6.7. TRADE AND OTHER RECEIVABLES

Trade & other receivables - Total	As of	
(in € thousands)	2016/12/31	2017/06/30
Trade receivables	81	81
Research tax credit	7 104	11 971
Social security costs receivables	22	12
VAT receivables	993	907
Grants receivables	23	26
Other receivables	171	195
TOTAL	**8 394**	**13 192**

Trade & other receivables - Current	As of	
(in € thousands)	2016/12/31	2017/06/30
Trade receivables	81	81
Research tax credit	7 104	11 971
Social security costs receivables	22	12
VAT receivables	993	907
Grants receivables	23	26
Other receivables	171	195
TOTAL	**8 394**	**13 192**

Trade & other receivables - Non-current	As of	
(in € thousands)	2016/12/31	2017/06/30
Trade receivables	0	0
Research tax credit	0	0
Social security costs receivables	0	0
VAT receivables	0	0
Grants receivables	0	0
Other receivables	0	0
TOTAL	**0**	**0**

At June 30, 2017, trade receivables neither past due nor impaired amounted to €58k compared with €44k as of December 31, 2016.
At June 30, 2017, past due trade receivables amounted to €23k compared with €37k at December 31, 2016.

At December 31, 2016, the part of trade receivables classified as doubtful accounts amounted to €74k.
During the period, part of the trade receivables were classified as irrecoverable, in the amount of €1k.
Thus, at June 30, 2017, the part of trade receivables classified as doubtful accounts amounts to €73k.

A provision for depreciation was registered at December 31, 2017 in an amount of €62k and adjusted in an amount of €1k, brining the amount to €61k at June 30, 2017.

Research tax credit

The research tax credit receivable as of June 30, 2017 relates to the unpaid portion of the 2014 research tax credit (€1,140k) as well as the amount paid in the context of a partial payment of the assessment (€333k) 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) for which GENFIT requested early payment on May 3, 2017;
- the amount estimated at June 30, 2017 of the research tax credit receivable of €4,533k.

6.8. OTHER FINANCIAL ASSETS

Financial assets - Total	As of	
(in € thousands)	2016/12/31	2017/06/30
Loans	190	203
Loan related security deposit	141	143
Deposits & guarantees	276	274
Liquidity contracts	109	125
TOTAL	**715**	**745**

Financial assets - Current	As of	
(in € thousands)	2016/12/31	2017/06/30
Loans	0	0
Loan related security deposit	141	143
Deposits & guarantees	33	31
Liquidity contracts	0	0
TOTAL	**174**	**173**

Financial assets - Non current	As of	
(in € thousands)	2016/12/31	2017/06/30
Loans	190	203
Loan related security deposit	0	(0)
Deposits & guarantees	243	243
Liquidity contracts	109	125
TOTAL	**541**	**571**

At June 30, 2017, loan-related securities deposit 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 the second half of 2017 upon payment of the last installment.

6.9. OTHER ASSETS

Other assets of €1,723k at June 30, 2017 and €1,137 at December 31, 2016 correspond to prepaid expenses related to current operating expenses. This increase follows the increase in operating expenses in the first half 2017.

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)	2016/12/31	2017/06/30
Short-term deposits	150 438	107 517
Cash & bank accounts	1 839	18 769
TOTAL	**152 277**	**126 286**

Short-term deposits	As of	
(in € thousands)	2016/12/31	2017/06/30
UCITS	57 130	41 694
TERM ACCOUNTS	75 937	53 712
NEGOTIABLE MEDIUM TERM NOTES	14 250	9 000
INTEREST BEARING CURRENT ACCOUNT	3 120	3 110
TOTAL	**150 438**	**107 517**

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.).

At June 30, 2017, 2,570,744 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 2017

None.

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.

6.12. LOANS AND BORROWINGS

6.12.1. Breakdown of loans and borrowings

Loans & borrowings - Total	As of	
(in € thousands)	2016/12/31	2017/06/30
Refundable & conditional advances	3 549	3 438
Bank loans	1 941	3 557
Development loans with participation feature	345	0
Obligations under finance leases and hire purchase contracts	387	1 481
Accrued interests	7	2
Other financial loans and borrowings	24	24
TOTAL	**6 252**	**8 503**

Loans & borrowings - Current	As of	
(in € thousands)	2016/12/31	2017/06/30
Refundable & conditional advances	180	209
Bank loans	614	1 045
Development loans with participation feature	345	0
Obligations under finance leases and hire purchase contracts	79	306
Accrued interests	7	2
Other financial loans and borrowings	24	24
TOTAL	**1 248**	**1 587**

Loans & borrowings - Non current	As of	
(in € thousands)	2016/12/31	2017/06/30
Refundable & conditional advances	3 369	3 229
Bank loans	1 327	2 512
Development loans with participation feature	0	0
Obligations under finance leases and hire purchase contracts	307	1 175
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	**5 004**	**6 916**

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 6.3.19.1 - "Government grants".

In addition, two refundable advances of €1,000k and €500k were granted in 2011 by the Hauts-de-France region and Lille Metropolitan Urban Community (LMCU).

Refundable & conditional advances - general overview (in € thousands)	Grant date	Total amount allocated	Receipts	Repayments	Other movements	Effets of discounting	Net book value 06/30/2017
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 - 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	(119)	0	(6)	75
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	11/24/2010	250	200	(119)	0	(6)	75
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	11/24/2010	200	160	(95)	0	(5)	60
Research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases							
LILLE METROPOLITAN URBAN COMMUNITY	07/28/2012	500	500	(500)	0	0	0
To support the Company							
TOTAL		**7 121**	**6 980**	**(3 141)**	**(383)**	**(18)**	**3 438**

Receipts and repayments of refundable and conditional advances

Between January 1, 2017 and June 30, 2017, GENFIT repaid €123K of refundable and conditional advances.
In 2016, GENFIT repaid €133k of refundable and conditional advances.

Main terms of the contracts

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 - AD-INOV 1 BPI FRANCE ADVANCE N°2 - AD-INOV 2 BPI FRANCE ADVANCE N°3 - AD-INOV 3	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°1 - OLNORME II - 1 BPI FRANCE ADVANCE N°2 - OLNORME II - 2 BPI FRANCE ADVANCE N°3 - OLNORME II - 3	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
LILLE METROPOLITAN URBAN COMMUNITY	This interest bearing advance is repayable monthly in accordance with the repayment schedule. The interest rate of this advance is 4.25%. At December 31, 2016, the entirety of this advance has been 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 June 2017, GENFIT borrowed: • a €600k loan, • repayable in 48 monthly instalments, • at a fixed interest rate of 0.36%. At June 30, 2017, the principal amount outstanding was €600k.
Banque Nationale de Paris - Paribas	In April 2017, GENFIT borrowed: • a €800k loan, • repayable in 60 monthly instalments, • at a fixed interest rate of 0.87%. At June 30, 2017, the loan had not yet been drawn down.
Crédit Industriel et Commercial	In December 2016, GENFIT borrowed: • a €264.6k loan, • repayable in 60 monthly instalments, • at a fixed interest rate of 0.69%. At June 30, 2017, the principal amount outstanding was €243k. (at December 31, 2016, the loan had not yet been drawn down.)
Banque Nationale de Paris - Paribas	In October 2016, GENFIT borrowed: • a €1,050k loan, • repayable in 20 quarterly instalments, • at a fixed interest rate of 0.8%. At June 30, 2017, the principal amount outstanding was €1,050 (at December 31, 2016, the loan had not yet been drawn down).
Banque Neuflize OBC	In June 2016, GENFIT borrowed: • a €500k loan, • repayable in 12 quarterly instalments, • at a fixed interest rate of 1.10%. At June 30, 2017, the principal amount outstanding was €377k (at December 31, 2016, €418k.)
Banque Nationale de Paris - Paribas	In June 2016, GENFIT borrowed: • a €500k loan, • repayable in 20 quarterly instalments, • at a fixed interest rate of 0.8%. At June 30, 2017, the principal amount outstanding was €426k (at December 31, 2016, €475k).
Crédit du Nord	In April 2016, GENFIT borrowed: • a €500k loan, • repayable in 60 monthly instalments, • at a fixed interest rate of 0.78%. At June 30, 2017, the principal amount outstanding was €385k (at December 31, 2016: €434k).

Crédit Industriel et Commercial	In March 2015, GENFIT borrowed: • a €500k loan, • repayable in 16 quarterly instalments, • at a fixed interest rate of 0.85%. At June 30, 2017, the principal amount outstanding was €221k (at December 31, 2016: €283k).
Banque Nationale de Paris - Paribas	In December 2014, GENFIT borrowed: • a €500k loan, • repayable in 20 quarterly instalments, • at a fixed interest rate of 2.00%. At June 30, 2017, the principal amount outstanding was €255k (at December 31, 2016: €305k).
Banque Neuflize OBC	In June 2014, GENFIT borrowed: • a €150k loan, • repayable in 12 quarterly instalments, • at an interest rate of 3 month EURIBOR + 2.50%. At June 30, 2017, the loan has been entirely repaid (at December 31, 2016, €25k.)

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 with participation feature 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 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.

This loan had an interest rate of 4.46% and was repaid in its entirety at June 30, 2017.

6.12.2. Maturities of financial liabilities

Maturity of financial liabilities (in € thousands)	As of 2017/06/30	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	3 229	0	0
BPI FRANCE - AVANCE N°1 - OLNORME II - 1	75	75	0	0	0	0	0
BPI FRANCE - AVANCE N°2 - OLNORME II - 2	75	75	0	0	0	0	0
BPI FRANCE - AVANCE N°3 - OLNORME II - 3	60	60	0	0	0	0	0
TOTAL - Refundable & conditional advances	**3 438**	**209**	**0**	**0**	**3 229**	**0**	**0**
Bank loans	3 557	1 045	979	666	600	267	0
Obligations under finance leases and hire purchase contracts	1 481	306	310	313	316	236	0
Accrued interests	2	2	0	0	0	0	0
Other financial loans and borrowings	24	24	0	0	0	0	0
TOTAL - Other loans & borrowings	**5 065**	**1 378**	**1 288**	**979**	**916**	**503**	**0**
TOTAL	**8 503**	**1 587**	**1 288**	**979**	**4 146**	**503**	**0**

6.13. TRADE AND OTHER PAYABLES

Trade & other payables - Total	As of	
(in € thousands)	2016/12/31	2017/06/30
Trade payables	13 341	14 953
Social security costs payables	2 562	2 372
Employee profit sharing	17	17
VAT payables	24	22
Taxes payables	187	156
Other payables	14	27
TOTAL	**16 146**	**17 549**

Trade & other payables - Current	As of	
(in € thousands)	2016/12/31	2017/06/30
Trade payables	13 341	14 953
Social security costs payables	2 562	2 372
Employee profit sharing	17	17
VAT payables	24	22
Taxes payables	187	156
Other payables	14	27
TOTAL	**16 146**	**17 549**

Trade & other payables - Non current	As of	
(in € thousands)	2016/12/31	2017/06/30
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)	2016/12/31	2017/06/30
Deferred income arising from equipment grants	5	4
TOTAL	**5**	**4**

Deferred income & revenue - Current	As of	
(in € thousands)	2016/12/31	2017/06/30
Deferred income arising from equipment grants	1	1
TOTAL	**1**	**1**

Deferred income & revenue - Non-current	As of	
(in € thousands)	2016/12/31	2017/06/30
Deferred income arising from equipment grants	3	3
TOTAL	**3**	**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 periods ended June 30, 2017 and June 30, 2016 amounted to €252k and €227k 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. At June 30, 2017, €893k are recognized as pension provisions compared to €849k at December 31, 2016.

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)	2016/12/31	2017/06/30
Salary growth rate	4.%%	4.%%
Discount rate	1.5%	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, 2016	**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**
Current service cost	31
Interest cost on benefit obligation	13
Actuarial losses / (gains) on obligation	0
Defined benefit obligation as of December 31, 2017	**893**

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 June 30, 2017 and December 31, 2016:

	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**

	As of December 31, 2017						
	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	203		203			203	
Loan related security deposit	143		143			143	
Deposits & guarantees	274		274			274	
Trade receivables	81		81			81	
Cash & cash equivalents	126 286	126 286			126 286		
TOTAL - Assets	**126 987**	**126 286**	**701**	**0**	**126 286**	**701**	**0**
Liabilities							
Conditional advances	3 438			3 438			3 438
Bank loans	3 557			3 557		3 557	
Obligations under finance leases and hire purchase contracts	1 481			1 481		1 481	
Accrued interests	2			2		2	
Other financial loans and borrowings	24			24		24	
Trade payables	14 953			14 953		14 953	
Other payables	27			27		27	
TOTAL - Liabilities	**23 484**	**0**	**0**	**23 484**	**0**	**20 045**	**3 438**

6.18. REVENUE AND OTHER INCOME

Industrial revenues were €65k at June 30, 2017 compared with €151k for the same period in 2016.

Revenue and other income	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Revenues	151	65
Other income	3 495	4 645
TOTAL	**3 647**	**4 710**

Other income	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Government grants	384	21
Research tax credit for the period	3 043	4 533
Other operating income	69	91
TOTAL	**3 495**	**4 645**

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 first half of 2017, the Group recognized in other operating income €89k (first half 2016: €61k) 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 2017, the tax credit is equal to 7% of all wages paid to employees during the year in respect of salaries that do not exceed 2.5 times the French minimum wage (2016: 6%). In 2017, 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)	Half-year ended 2016/06/30	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	(12 323)	(970)	(6 226)	(3 566)	(1 310)	(251)	0
General & administrative expenses	(4 166)	(45)	(0)	(2 202)	(1 842)	(77)	0
Other operating income	0	0	0	0	0	0	0
Other operating expenses	(1)	0	0	0	(1)	0	0
TOTAL	**(16 489)**	**(1 015)**	**(6 226)**	**(5 768)**	**(3 152)**	**(328)**	**0**

Operating expenses and other operating income (expenses) (in € thousands)	Half-year ended 2017/06/30	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	(23 670)	(1 351)	(14 329)	(3 984)	(3 545)	(461)	(0)
General & administrative expenses	(3 448)	(66)	(4)	(1 664)	(1 681)	(34)	0
Other operating income	(2)	0	0	0	0	0	(2)
Other operating expenses	36	0	0	0	36	0	0
TOTAL	**(27 084)**	**(1 416)**	**(14 333)**	**(5 648)**	**(5 190)**	**(495)**	**(2)**

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), grants to the endowment fund, The NASH Education Program™ 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	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Wages and salaries	(4 188)	(3 985)
Social security costs	(1 548)	(1 503)
Pension costs	(33)	(31)
Share-based compensation	0	(129)
TOTAL	**(5 768)**	**(5 648)**

Number of employees at June 30

Number of employees at year-end - detail	Half-year ended	
	2016/06/30	2017/06/30
Average number of employees	103	124
Average age of employees	37 years & 6 month:	37 years & 2 months
Number of employees		
Research & development	83	93
Administration & management	25	31
TOTAL	**108**	**124**

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 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	Half-year ended		Total expense	Total expense
	2016/06/30	2017/06/30	calculated	remaining
BSA 2014-A	**0**	**0**	**945**	**0**
Of which : expense related to executive officers (1)	0	0	365	0
Of which : expense related to consultants	0	0	581	0
BSA 2014-B	**0**	**0**	**1 045**	**0**
Of which : expense related to executive officers	0	0	365	0
Of which : expense related to consultants	0	0	680	0
BSA 2015-A	**0**	**0**	**335**	**0**
Of which : expense related to executive officers	0	0	178	0
Of which : expense related to consultants	0	0	157	0
BSA 2015-B	**0**	**0**	**315**	**0**
Of which : expense related to executive officers	0	0	178	0
Of which : expense related to consultants	0	0	138	0
BSAAR 2014-A	**0**	**0**	**43**	**(0)**
Of which : expense related to members of the Management Board	0	0	17	0
Of which : expense related to employees	0	0	26	(0)
BSAAR 2014-B	**0**	**0**	**191**	**0**
Of which : expense related to members of the Management Board	0	0	106	0
Of which : expense related to employees	0	0	85	(0)
BSAAR 2014-C	**0**	**0**	**189**	**0**
Of which : expense related to members of the Management Board	0	0	105	0
Of which : expense related to employees	0	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**	**19**	**113**	**92**
Of which : expense related to members of the Management Board	0	10	58	48
Of which : expense related to employees	0	9	54	44
BSAAR 2014-C	**0**	**8**	**51**	**42**
Of which : expense related to members of the Management Board	0	4	26	22
Of which : expense related to employees	0	4	25	20
BSAAR 2014-B	**0**	**22**	**133**	**109**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	22	133	109
BSAAR 2014-C	**0**	**11**	**65**	**54**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	11	65	54
BSAAR 2014-B	**0**	**42**	**249**	**204**
Of which : expense related to members of the Management Board	0	20	119	97
Of which : expense related to employees	0	22	130	107
BSAAR 2014-C	**0**	**19**	**113**	**92**
Of which : expense related to members of the Management Board	0	9	54	44
Of which : expense related to employees	0	10	59	48
BSAAR 2014-B	**0**	**6**	**36**	**29**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	6	36	29
BSAAR 2014-C	**0**	**3**	**16**	**13**
Of which : expense related to members of the Management Board	0	0	0	0
Of which : expense related to employees	0	3	16	13
TOTAL	**0**	**129**	**3 839**	**635**

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 2014-A		BSAAR 2014-B		BSAAR 2014-C	
	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees
Date of the Shareholder's meeting Date of the Executive board meeting	04/02/2014 09/15/2014					
Nombre total de BSAAR subscribed	5 901	9 299	17 822	5 416	18 711	5 568
Share entitlement per option	1 warrant / 1 share					
Issue price Exercise price (1)	5,61 € 23,50 €					
Subscription period	From 09/19/2014 To 10/15/2014		From 05/07/2015 To 05/29/2015		From 07/06/2015 To 07/31/2015	
Exercise period	From 09/15/2015 To 09/15/2018		From 09/15/2015 To 05/04/2019		From 09/15/2015 To 07/01/2019	
Methods of exercise	Exercisable by fraction of a number of BSAAR equal to 1/3 of the total number of warrants held by each beneficiary					
Valuation method used	Black & Scholes					
Expected dividends Expected volatility Risk-free interest rate Expected life	0% 74,9% 0,40% 4 years					
Estimated fair value - valued by expert opinion (2)	5,61 €					
Estimation of fair value as of December 31, 2014						
Period used for the estimation of the underlying share	From 10/10/2014 To 10/14/2014	From 10/10/2014 To 10/14/2014	As of 09/15/2014	As of 09/19/2014	As of 09/15/2014	As of 09/19/2014
Estimated fair value - according to IFRS 2	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €
Estimation of fair value as of December 31, 2015						
Period used for the estimation of the underlying share	From 10/10/2014 To 10/14/2014	From 10/10/2014 To 10/14/2014	As of 09/15/2014	As of 09/19/2014	As of 09/15/2014	As of 09/19/2014
Estimated fair value - according to IFRS 2	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €

(1) : Exercise price of the BSAAR 2014 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from August 13, 2014 to August 19, 2014, decreased by a discount of 13.60 %.
(2) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

Share-based compensation Redeemable share subscription warrants (BSAAR)	BSAAR 2016-A	BSAAR 2016-B
	Employees	Employees
Date of the Shareholder's meeting Date of the Executive board meeting	02/24/2015 07/22/2016	
Nombre total de BSAAR subscribed	7 200	3 600
Share entitlement per option	1 warrant / 1 share	
Issue price Exercise price (1)	4,60 € 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 Expected volatility Risk-free interest rate Expected life	0% 75,4% 0,00% 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	63,0%							
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 Date of the Executive board meeting	06/21/2016 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	63,0%							
Risk-free interest rate	0,0%							
Turnover rate	15,00%							

6.21. FINANCIAL REVENUE AND EXPENSES

Financial revenue and expenses (in € thousands)	Half-year ended 2016/06/30	2017/06/30
Financial revenue		
Interest income	189	205
Foreign exchange gain	9	25
Other financial revenues	79	110
TOTAL - Financial revenue	**278**	**341**
Financial expenses		
Interest expenses	(71)	(29)
Interest expenses for financial leases	0	(2)
Foreign exchange losses	(19)	(511)
Other financial expenses	(7)	(13)
TOTAL - Financial expenses	**(97)**	**(555)**
FINANCIAL GAIN (LOSS)	**181**	**(214)**

6.22. INCOME TAX

6.22.1. Losses available for offsetting against future taxable income

At June 30, 2017, the tax loss carryforwards for GENFIT S.A, a French entity, amounted to €187,659 (€160,617k as of December 31, 2016).

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 2017 and 2016 as it is not likely 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 June 30, 2017 relate to:

- Tax losses carryforwards: €187,659 (compared to €160,617k as of December 31, 2016);
- Deductible temporary differences related to post employment benefit: €298k (compared to €283k as of December 31, 2016).

6.23. EARNINGS PER SHARE

Earnings per share	Half-year ended	
	2016/06/30	2017/06/30
Profit for the period - attributable to owners of the Company (in € thousands)	**(12 662)**	**(22 615)**
Weighted average number of ordinary shares for the period	25 604 433	31 166 437
Profit for the period - attributable to owners of the Company per share (in €)	**(0.49)**	**(0.72)**
Weighted average number of ordinary shares used in the above calculation	25 604 433	31 166 437

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 contested in the amount of €4k before the *Commission de Recours Amiable* (amicable settlement board)

Dispute over research tax credit calculation

1. Subject matter of the dispute

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) for the 2010 fiscal year, 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 dispute with the French tax authorities pertains mainly to collaborative research alliances with companies in the pharmaceutical industry. The tax authorities contend that, in these alliances, 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 appealed 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 for the balance, requested it be set-off with the amount withheld in respect of its receivable from the CIR for 2014 (€1,141 thousand), as mentioned below.

In the course of the treatment of this request for set-off, the authorities conducted additional investigations with the intent to apply the same sub-contracting doctrine. Following these investigations, the authorities informed the Company in August 2017 that it granted part of the Company's request for reimbursement with respect to the 2014 CIR, in the amount of €693 thousand. The two parties agreed that this amount would be used to extinguish a part of the €1,479 thousand previously assessed.

On February 15, 2017, the Company filed a claim contesting the aforementioned adjustments and a second claim is expected to be filed in the coming weeks.

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).

2. Potential liability

The Company, applying IFRS standards, calculated its potential liability should the tax authorities' interpretation with respect to the 2010 to 2015 CIR prevail. The mention of this potential tax liability in this Report and in the Notes to the 2017 half year consolidated financial statements included herein does not, under any circumstances whatsoever, constitute an acknowledgement of the tax authorities' arguments in this matter. On the basis of analyses conducted by third party experts, the Company believes that this potential tax liability could amount to €1,925 thousand, out of the aggregate €20,695 thousand in CIRs reported in the 2010 to 2015 financial statements.

Despite the payment made pursuant to the amounts in the assessment notice, the amount of the potential liability of €1,925 thousand mentioned above remains unchanged due to the claims filed by the Company.

The Company has however recognized a provision for this litigation amounting to €156k for contracts, not including joint research alliances, 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.

At June 30, 2017, 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 Company employees.
Jean-François Mouney, the Chairman and CEO of GENFIT, 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 June 30, 2017.

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.

The endowment fund, The NASH Education Program™ was created in November 2016 by GENFIT to develop and finance disease awareness activities for the medical profession and general public.

Group companies did not carry out any transactions with Biotech Avenir in 2016 or 2017.

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 6.27 - "Commitments".

6.26. COMPENSATION OF CORPORATE OFFICERS

By resolution of the General Shareholders Meeting on June 16, 2017, the shareholders adopted the change in mode of administration and management of the Company and decided to switch from the historical two-tiered GENFIT board structure (Executive Board and Supervisory Board) to a single board (Board of Directors).

As a result, the table below provides details of the compensation paid to the members of the Executive Board as well as the Chairman and CEO for the financial years in which the relevant amounts were recognized in the statement of operations.

Compensation paid to key management personnel (employers' contributions included)	Half-year ended	
(in € thousands)	2016/06/30	2017/06/30
Short-term employee benefits	1 562	820
Post-employment pension & medical benefits	333	391
Director fees Genfit Corp (net)	21	20
TOTAL	**1 916**	**1 231**

The changes in provision for pension liabilities relate to rates described in section 6.16. - "Employee benefits".

The Chairman and CEO is entitled to a severance payment falling within the scope of article L.225-90-1 of the French commercial code, equal to six months' salary, calculated on the basis of the last 12 months' salary (excluding payments under the Incentive Plan) and increased by additional compensation of one months' salary per year of service with the Company. (calculated on the same basis). This severance payment is capped at 2 years gross compensation (excluded exceptional payments under the Incentive Plan) paid with respect to the last fiscal year and subject to performance conditions. This commitment (gross amount and employer charges) at June 30, 2017 amounts to €1,315k.

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 2017/06/30
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. A total of €601k paid by the Company for the 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™ endowment fund a proposed donation of €1,900k 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 May 3, 2017, GENFIT made a request for early repayment of the 2016 CIR which is currently being processed. In this context, and in relation to the a dispute with the tax authorities linked to the CIR (see note 6.24 – "Litigation and contingent liabilities", on September 1, 2017, the Company requested a set-off of €447k, which is intended to set off, thanks to the receivable from the 2016 CIR, the balance of the assessment notice received on January 27, 2017 for an amount of €1,479k.

STATUTORY AUDITOR'S LIMITED REVIEW REPORT ON 2017 HALF-YEAR FINANCIAL STATEMENTS

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Genfit

Period from January 1 to June 30, 2017

Statutory auditors' review report on the half-yearly financial information

GRANT THORNTON
Membre français de Grant Thornton International
29, rue du Pont
92200 Neuilly-sur-Seine

S.A. au capital de € 2.297.184
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Genfit

Period from January 1 to June 30, 2017

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying half-yearly consolidated financial statements of Genfit, for the period from January 1 to June 30, 2017,
- the verification of the information presented in the half-yearly management report.

These half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2017 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

II. Specific verifications

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review.

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

Neuilly-sur-Seine and Paris-La Défense, September 25, 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

HALF-YEAR FINANCIAL REPORT AS OF JUNE 30, 2017