

English version for information purposes only

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GENFIT

French corporation (*Société Anonyme*)
governed by a Board of Directors,
with share capital of 9 714 654.25 euros
Registered Office: 885 avenue Eugène Avinée, 59120 Loos – France
424 341 907 R.C.S Lille Métropole

**REPORT OF THE BOARD OF DIRECTORS
TO THE EXTRAORDINARY SHAREHOLDERS MEETING
OF 13 JANUARY 2021 (ON FIRST NOTICE) AND, IF APPLICABLE, 25 JANUARY 2021 (ON
SECOND NOTICE)**

Ladies and Gentlemen,

Dear Shareholders of the company GENFIT S.A. (the “**Company**”),

We have convened an extraordinary shareholders’ general meeting (the “**Extraordinary Shareholders’ Meeting**”) at the Company’s headquarters located Parc Eurasanté, 885 avenue Eugène Avinée in Loos (59120), on 13 January 2021 at 2:30 p.m. (Paris time), to deliberate on the following agenda.

In the event where the Extraordinary Shareholders’ Meeting could not deliberate due to the required quorum not being reached on first notice, the Extraordinary Shareholders’ Meeting will be reconvened to deliberate on the same agenda, on 25 January 2021 at 2:30 p.m. (Paris time).

In the context of the current public health crisis relating to Covid-19, in accordance with the provisions of Ordinance no. 2020-1497 of 2 December 2020 extending and amending the Ordinance No. 2020-321 of 25 March 2020 adapting the rules for meetings and deliberation of meetings and governing bodies of legal persons and entities without legal personality under private law due to the Covid-19 epidemic and as a precautionary measure, upon decision of the Board of Directors of the Company, the Extraordinary Shareholders’ Meeting will be exceptionally held behind closed doors, meaning without the physical presence of shareholders and other persons who are usually entitled to attend.

The description of the procedures allowing shareholders to participate in the Extraordinary Shareholders’ Meeting notwithstanding these exceptional measures required in order to comply with regulatory constraints and preserve the health of each person, is set out in the second part of the notice published in the *Bulletin des Annonces Légales Obligatoires* under number 147 on 7 December 2020 and which is available on the Company’s website (www.genfit.com).

We have convened this Extraordinary Shareholders’ Meeting, pursuant to the provisions of the French *Code de commerce* and the Company’s articles of association, to deliberate on the following agenda:

**I. POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY
SHAREHOLDERS’ MEETING:**

- Amendment of the terms of the bonds convertible into new shares and/or exchangeable for existing shares issued on 16 October 2017 (the “**OCEANES**”) – Modification of the conversion ratio – Capital increase with waiver of the shareholders’ preferential subscription right to the benefit of the holders of the OCEANES. (**Resolution n°1**);

II. POWERS FOR FORMALITIES

- Powers to carry out formalities (**Resolution n°2**).

The purpose of this report is to present the draft resolutions submitted by your Board of Directors to your Extraordinary Shareholders' Meeting. It is intended to present you the important points of the draft resolutions, in accordance with the applicable laws and regulation currently in force. It does not purport, therefore, to be exhaustive. You are advised to read the text of the draft resolutions carefully before exercising your right to vote.

These resolutions are presented to you in the context of (i) the partial buyback of 47.6% of the outstanding OCEANEs for a total amount of €47.48 million (*i.e.* 2 895 260 OCEANEs out of a total of 6 081 081 OCEANEs outstanding, representing a nominal amount of 85 699 696 euros out of the nominal amount of 179 999 997.60) (the "**Partial Buyback**") and (ii) the modification of the terms and conditions of the IOCEANEs remaining post partial buyback) (together, the "**Transaction**") contemplated by your Company.

As you are already aware, this Transaction is critical to the continuity of the Company and to the appreciation of your investment. We therefore strongly recommend that as a shareholder, you take the time to understand the reasons and goals, as well as the process required to implement this initiative. This is in your interest as a shareholder. By spending only 47.48 million euros, the Partial Buyback will allow the Company to reduce by almost half of the outstanding nominal amount of the OCEANEs, *i.e.* 47.6 % out of the 6 081 081 outstanding OCEANEs and *c.* 85.7 million euros in nominal amount. This result shows the substantial efforts conceded by the holders of the OCEANEs to allow the Company to regain momentum in the implementation of its new strategy.

The Partial Buyback is subject to the approval by:

- **the shareholders of the Company** of the modification of the conversion ratio of the OCEANEs from 1 new or existing share for 1 OCEANE, to 5.5 new or existing shares for 1 OCEANE, which is the purpose of this Extraordinary Shareholders' Meeting; and
- **the bondholders of the Company** of the amendment of the terms and conditions of the OCEANEs, *i.e.*: (i) modification of the conversion ratio of the OCEANEs from 1 new or existing share for 1 OCEANE, to 5.5 existing or new shares for 1 OCEANE, (ii) 3 years-extension of the maturity initially set at 5 years starting 16 October 2017, *i.e.* 16 October 2022, to 8 years, *i.e.* 16 October 2025, (iii) deferral of the start date of the period during which the Company may redeem early the OCEANEs, as set out in condition 10.3 of the terms and conditions of the OCEANEs, initially set at 6 November 2020 to 6 November 2023; and (iv) modification of the adjustment of the conversion ratio in case of tender offer targeting the shares of the Company, as set out in Condition 15.7.3 of the terms and conditions of the OCEANEs, in order to take into account the maturity extension of the OCEANEs, the adjustment being calculated based over the period from the date of approval of the amendment of the terms and conditions of the OCEANEs (*i.e.* the date of the general assembly of the holders of the OCEANEs) until the new maturity (*i.e.* 16 October 2025).

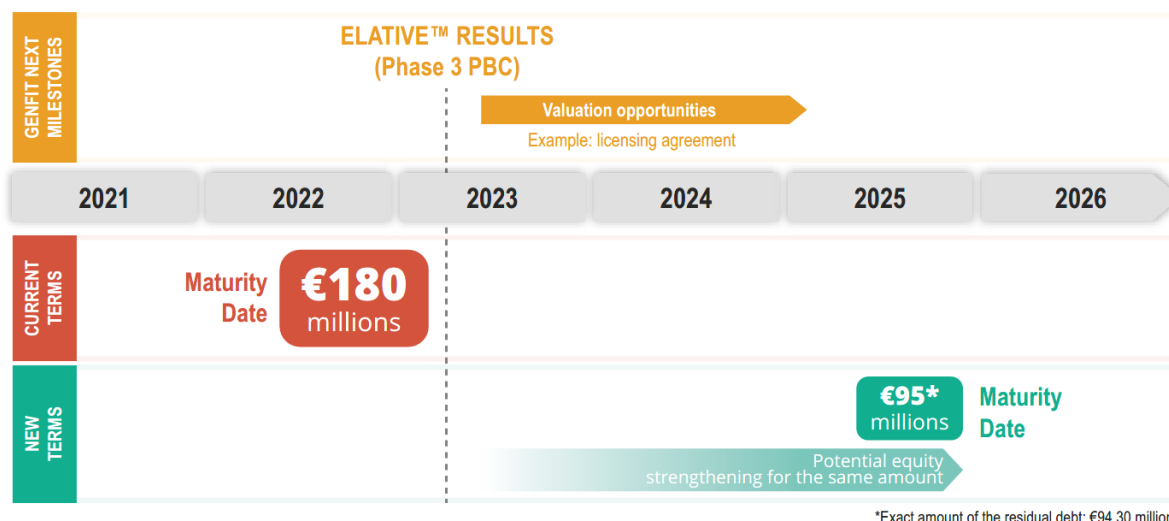
The increase of the initial conversion ratio (from 1 new or existing share for 1 OCEANE, to 5.5 new or existing shares for 1 OCEANE) is accompanied by an effective reduction of the OCEANEs conversion price from 29.60 euros to 5.38 euros per new share. This represents a conversion premium¹ of (i) 18.8 % compared to the closing share price on 4 December 2020 (€4.53), and (ii) a 32.2% premium compared to the volume weighted average price between 16 November and 20 November 2020 (*i.e.* the five trading days prior to the announcement of the final terms of the Transaction by the Company on 23 November 2020 (€4.07)). As a reminder, converting an OCEANE is only financially enticing

¹ The conversion premium represents the difference between the share price and the conversion price of the OCEANE.

should the stock price rise above the conversion price of the OCEANE, and in most instances, investors would prefer waiting for the OCEANEs to reach maturity before converting into shares.

The approval of the amendments of the OCEANEs terms will permit – should the proposal be accepted during the Extraordinary Shareholders’ Meeting and the general meeting of the OCEANEs holders – the opportunity to minimize the financial constraint currently limiting the Company’s room for maneuver.

A favourable vote from shareholders and the holders of the OCEANEs will grant the Company greater operational control and the ability to promote and value elafibranor’s data in PBC should they be positive (Phase 3 ELATIVE™). The principle and the relevance of the Transaction may be summarized as follows:



The terms of the Transaction are further detailed in the press releases published by the Company on 16 November, 23 November and 7 December 2020, the letter to the shareholders of the Company which has been addressed to you on 9 December 2020 and the listing prospectus (the “**Prospectus**”) consisting of the Company’s 2019 Universal Registration Document (*document d’enregistrement universel*) filed with the French *Autorité des marchés financiers* (“**AMF**”) on 27 May 2020 under n°D.20-0503, the Amendment to the Universal Registration Document, a securities note (*note d’opération*) and a summary of such Prospectus, which will be submitted to the approval (*approbation*) of the AMF and published by the end of December 2020, to which you are invited to refer to.

The terms of the Transaction will be subject to an independent expertise requested by the Board of Directors of the Company on a voluntary basis. The Board of Directors has appointed an independent expert following recommendation of a committee composed of a majority of independent directors. The expert report will be appended as Annex I to the securities note (*note d’opération*) included in the Prospectus.

In addition, the Prospectus contains an update on the Company’s business.

SUMMARY

I. POINTS ET RESOLUTIONS DE LA COMPETENCE DE L'ASSEMBLEE GENERALE EXTRAORDINAIRE

Amendment of the terms of the bonds convertible into new shares and/or exchangeable for existing shares issued on 16 October 2017 (the "OCEANes") – Modification of the conversion ratio – Capital increase with waiver of the shareholders' preferential subscription right to the benefit of the holders of the OCEANes

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II. POWERS FOR FORMALITIES

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I. POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING:

- a. Amendment of the terms of the bonds convertible into new shares and/or exchangeable for existing shares issued on 16 October 2017 (the "OCEANES") – Modification of the conversion ratio – Capital increase with waiver of the shareholders' preferential subscription right to the benefit of the holders of the OCEANES.**

It is proposed, in resolution n°1, that the Extraordinary Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, having reviewed the Board of Directors report and the Statutory Auditors' special report, pursuant to articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-138, L. 228-91 *et seq.* of the French *Code de commerce.*, approves the modification of the conversion ratio of the OCEANES, which is adjusted from 1 existing or new share for 1 OCEANE, to 5.5 existing or new shares for 1 OCEANE and, consequently:

- delegates to the Board of Directors its powers to increase the share capital, either once in full or in a number of instalments, in France or abroad, for a nominal amount of €4 380 504 (*i.e.*, on the basis of the current nominal value of the shares of the Company's shares, equal to €0.25, a maximum of 17 522 016 new shares) in order to proceed, on the basis of the new conversion ratio of the OCEANES of 5.5 new or existing shares for 1 OCEANE, to any capital increase(s) which may be necessary in case of conversion of the OCEANES and the issue of new shares, it being specified that such amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and with contractual stipulations of the terms and conditions of the OCEANES providing for other cases of adjustment, in order to preserve the rights of the OCEANES and which may cause the issue of additional new shares, such issue is also authorised by this resolution;
- decides, in accordance with article L. 225-138 of the French *Code de commerce*, to waive the shareholders' preferential subscription rights and to reserve the right to subscribe for the new shares to holders of the OCEANES who would receive such new shares in the event of the exercise of the conversion right in accordance with the provisions of the terms and conditions of the OCEANES.

Summary of the calculation of the maximum number of new shares to be issued:

This number of 17 522 016 new shares (and therefore the maximum nominal amount of the capital increase of 4 380 504 euros) represents the number of shares that would be issued if all the OCEANES were converted into new shares, (i) following the repurchase and cancellation of 2 895 260 OCEANES, and (ii) on the basis of the new conversion ratio of 5.5 shares for 1 OCEANE.

The calculation is as follows:

Number of OCEANES outstanding: 6 081 081

– Number of OCEANES repurchased and cancelled: 2 895 260

= Number of OCEANES outstanding following the partial buyback: 3 185 821

x New conversion ratio of 5.5: 17 522 015,50 new shares (rounded up to the whole number of new shares immediately above, the terms and conditions of the OCEANES allowing the holder to pay an amount to obtain a higher whole number of shares)

It should be noted that this resolution authorises the capital increase corresponding to the conversion of all the OCEANES on the basis of the new conversion ratio, even though the issuance of the new shares corresponding to the conversion of the OCEANES on the basis of the former conversion ratio (6 081 081 new shares) has already been authorised by the

general shareholders' meeting of 16 June 2017, prior to the issuance of the OCEANes in October 2017.

In fact, the Company has considered that, legally, it was preferable to authorise the entire capital increase resulting from the new conversion ratio, and not just the portion corresponding to the change in the conversion ratio from 1:1 to 1:5.5. The authorisation to issue the 6 081 081 new shares will therefore not be used and is replaced by the authorisation to issue the 17 522 016 new shares as set out in this resolution.

We remind you that the decisions set out in the paragraph above are subject to the approval by the OCEANes holders of the modification of the conversion ratio and the amendment of the other terms and conditions of the OCEANes which are proposed to them and reminded above.

The delegation of authority granted to the Board of Directors would be valid for a period of eighteen (18) months as from the date of the Extraordinary Shareholders' Meeting.

II. POWERS TO COMPLETE FORMALITIES

It is proposed, in resolution n°2, that the Extraordinary Shareholders' Meeting grants full powers to the holder of an original, a copy, or an excerpt of the minutes of the Extraordinary Shareholders' Meeting for the purpose of completing all legal or administrative formalities and make all filings and publications relating to the above-mentioned resolutions required by applicable laws.

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Should you approve our various proposals, please confirm with your vote by adopting these resolutions that we will be read to you and that will be available for your inspection at the registered office during fifteen days preceding the Extraordinary Shareholders' Meeting, in accordance with the law.

The Chairman of the Board of Directors