

## PART I

### **Item 1. Identity of Director, Senior Management and Advisers.**

Not applicable.

### **Item 2. Offer Statistics and Expected Timetable.**

Not applicable.

### **Item 3. Key Information.**

#### **A. [Reserved]**

#### **B. Capitalization and Indebtedness**

Not applicable.

#### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

#### **D. Risk Factors**

Our business faces significant risks. You should carefully consider all of the information set forth in this annual report and in our other filings with the United States Securities and Exchange Commission, or the SEC, including the following risk factors which we face and which are faced by our industry. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. This report also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements, as a result of certain factors including the risks described below and elsewhere in this annual report and our other SEC filings. See "[Special Note Regarding Forward-Looking Statements](#)" above.

#### **Risks Related to the Discovery and Development of and Obtaining Regulatory Approval for Our Product Candidates**

*Drug development is subject to a number of risks and the Group is highly exposed to the occurrence of any one of these inherent risks. Our activities in this area are all the more risky as many of our drug candidates are being evaluated in ACLF, a new therapeutic area, are at an early development stage and, for some of them, we were not involved in the initial research and discovery work, and may be less familiar with their mechanisms of action.*

Drug development is a long, costly and uncertain process, aimed at demonstrating the therapeutic benefit of a drug candidate that competes with existing products and standards of care or other drug candidates in development.

In June 2023, we announced positive interim results from the Phase 3 ELATIVE® trial for our drug candidate elafibranor in PBC following clinical development carried out under the licensing agreements we signed with Terns Pharmaceuticals in 2019 in Greater China, and Ipsen in 2021 in other major pharmaceutical markets. Following these results, our product pipeline now composed of drug candidates whose development is much less advanced and therefore inherently more risky. These drug candidates, even if they have demonstrated promising initial preclinical or clinical results, have yet to obtain their preclinical and/or clinical proof-of-concept in the indications for which they are intended.

For example, in the second half of 2023, our drug candidates VS-01 in ACLF and GNS561 in CCA have just entered Phase 2 and Phase 1b/2 respectively, in order to provide clinical proof-of-concept.

Our other drug candidates are at an even earlier stage, since they have either obtained initial Phase 1 clinical trial results (NTZ), or have never been administered in humans (SRT-015, VS-01 in UCD/OAs, VS-02 in HE and CLM-022), in the therapeutic areas in which we are developing them.

Many of these drug candidates are being developed to treat ACLF (VS-01, NTZ, SRT-015, CLM-022), a condition for which we have little experience and for which no treatment has yet been approved. As a result, we are more exposed to the risks associated with the preclinical and clinical development of our drug candidates than companies operating in better-explored therapeutic areas, while being, like them, still exposed to the risk of not being able to demonstrate that our drug candidates provide sufficient therapeutic benefit. Some of these product candidates are also intended to treat diseases for which we have limited experience with drug development, which creates further risks in their development.

Finally, the recent addition to our portfolio of some of the programs we are developing (GNS561, VS-01 and VS-02, SRT-015 and CLM-022) results either from the recent acquisition of licensing rights from other companies (Genoscience, Seal Rock Therapeutics and Celloram), or from our Group's acquisition of Versantis AG. Despite due diligence and evaluation procedures we have carried out on the quality of previous results obtained by these companies, the development of these programs is riskier than if we had developed them ourselves from the outset.

***Development failure can occur at any stage of preclinical or clinical development. The results of earlier preclinical studies or clinical trials are not necessarily predictive of future results of product candidates that we or our collaborators advance through preclinical studies or clinical trials. We may not have favorable results in later clinical trials, which may delay, limit or prevent our ability to receive regulatory approval or marketing authorization.***

Development failure can occur at any stage of our preclinical or clinical development or those of our current partner or a future partner. Preclinical studies or clinical trials may produce negative or inconclusive results, and we or our collaborators may decide, or regulators may require us, to conduct additional clinical trials or preclinical studies. In addition, data obtained from trials and studies are susceptible to varying interpretations, including interim data, and regulators may not interpret our data as favorably as we or our collaborators do, which may delay, limit or prevent regulatory approval or marketing authorization.

Success in preclinical studies and early clinical trials, or positive interim clinical results, does not ensure that final clinical results or subsequent clinical trials will generate the same or similar results or otherwise provide adequate data to demonstrate the efficacy and safety of a product candidate. A number of companies in the pharmaceutical industry, including those with greater resources and experience than us or our current and potential future collaborators, have suffered significant setbacks in later-stage trials, including Phase 3 clinical trials and at other stages of preclinical and clinical development, for example in MASH, even after seeing promising results in earlier clinical trials.

For example, in May 2020, we published the topline results of the interim analysis of our Phase 3 RESOLVE-IT® trial of elafibranor in Metabolic dysfunction associated steatohepatitis or MASH. Elafibranor did not demonstrate a statistically significant effect on the primary surrogate efficacy endpoint of MASH resolution without worsening of fibrosis or on the key secondary endpoints. These results led us to stop development of elafibranor in MASH due to lack of efficacy but not due to safety reasons.

In addition, the design of a preclinical study or clinical trial can determine whether its results will support approval of a product and flaws in the design of a clinical trial may not become apparent until the clinical trial is well-advanced. We or our collaborators may be unable to design and execute a preclinical study or clinical trial to support regulatory approval. Further, clinical trials of potential products often reveal that it is not practical or feasible to continue development efforts. If elafibranor or our other drug candidates are found to be unsafe or lack efficacy for any indication, we or our collaborators will not be able to obtain regulatory approval for them, and our prospects and business may be materially and adversely affected.

In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes or differences in trial protocols, patient distribution by clinical investigator site, standards of care across sites, differences in composition of the patient populations, adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. Such instances undermine the readability and acceptability of the results, both for the clinical trial sponsor and regulatory authorities, and our ability to create long-term shareholder value, and could lead to halting the development of the product candidate.

Delays in the commencement and completion of preclinical studies and clinical trials, and in enrollment of patients for clinical trials, including our ongoing clinical trials, could result in increased costs to us and delay or limit our ability to obtain regulatory approval for elafibranor and our other drug candidates. Such delays and costs could impair our financing capacity, and these events may limit or compromise our ability to continue development and to eventually commercialize our drug candidates.

Our pipeline includes several drug candidates at different stages of preclinical and clinical development (see [Item 4 - "Information on the Company"](#)).

Preclinical and clinical development of a drug candidate is a long, costly and uncertain process, aimed at demonstrating the therapeutic benefit of a drug candidate that competes with existing products and standards of care or those currently under development.

At the preclinical stage, we may not be able to generate and complete the preclinical, toxicological, in vivo or in vitro data needed to support the launch of clinical trials with regulatory authorities, or such data may be obtained later than anticipated, which in the latter case could increase our product development costs, delay the subsequent phase of clinical development, and potentially limit our ability to obtain regulatory approval of our drug candidates.

The results from these trials may not be available when we expect or we or our collaborators may be required to conduct additional clinical trials or preclinical studies not currently planned in order to receive approval for our product candidates, including elafibranor in PBC. In addition, our clinical programs and those of our partners Ipsen and Terns Pharmaceuticals are subject to a number of variables and contingencies.

The commencement, enrollment and completion of clinical trials can be delayed or suspended for a variety of reasons, including:

- inability to demonstrate sufficient safety and efficacy to obtain regulatory approval to commence a clinical trial;
- inability to validate test methods to support quality testing of the drug substance and drug product;
- inability to determine dosing and clinical trial design;
- inability to obtain sufficient funds required for a clinical trial or lack of adequate funding to continue the clinical trial due to unforeseen costs or other business decisions of the Group, or its current or future partners;
- inability to enter into collaborations relating to the development and commercialization of our product candidates;
- inability to reach agreements on acceptable terms with prospective contract research organizations, or CROs, trial sites and contract manufacturing organizations or CMOs, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs, trial sites and CMOs;
- clinical holds, other regulatory objections to commencing or continuing a clinical trial or the inability to obtain regulatory approval to commence a clinical trial in countries that require such approvals;
- discussions with the FDA, European Medicines Agency or EMA, the competent authorities of European Economic Area, or EEA, countries or other non-U.S. regulators regarding the scope or design of our clinical trials, which may occur at various times, including subsequent to the initiation of the clinical trial;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines, including mandated changes in the scope or design of clinical trials or requests for supplemental information with respect to clinical trial results;
- varying interpretations of our data, and regulatory commitments and requirements by the FDA, EMA, European Commission (EC) and similar foreign regulatory authorities;
- inability to identify and maintain a sufficient number of trial sites, many of which may already be engaged in other clinical trial programs, including some that may be for the same indications targeted by our product candidates;
- delay in receiving results from or the failure to achieve the necessary results in other clinical trials;
- inability to obtain approval from institutional review boards, or IRBs, or positive opinions from Ethics Committees, to conduct a clinical trial at their respective sites;
- suspension or termination by a data and safety monitoring board, or DSMB, that is overseeing the clinical trial;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- failure to conduct clinical trials in accordance with regulatory requirements;
- severe or unexpected drug-related adverse effects experienced by patients, death of a patient during a trial or any determination that a clinical trial presents unacceptable health risks;
- breach of the terms of any agreement with, or termination for any other reason by, current or future collaborators that have responsibility for the clinical development of any of our product candidates, or investigators leading clinical trials on our product candidates;
- inability to timely manufacture or deliver sufficient quantities of the product candidate, or other consumables required for preclinical studies or clinical trials;
- difficulty identifying, recruiting and enrolling patients to participate in clinical trials for a variety of reasons, including meeting the enrollment criteria for our trial, the rarity of the disease or condition (for example PBC, ACLF and CCA), the rarity of the characteristics of the population being studied (as is the case for the profile of patients enrolled in our Phase 1b/2 trial evaluating GNS561 and our Phase 2 trial evaluating VS-01) the nature of the protocol, the risks or technological difficulties related to procedures that may be required as part of the trial (related to, for example, to the intravenous administration of some of our drug candidates such as VS-01 or SRT-015), the availability of effective treatments for the relevant disease and the eligibility criteria for the clinical trial, insufficient human resources or organizational difficulties within clinical investigation centers, and competition from other clinical trial programs for the same indications or with products with the same mechanism of action as our product candidates;
- natural disasters or pandemics; and
- inability to retain enrolled patients after a clinical trial is underway.

For example, our RESOLVE-IT® trial was a clinical trial in a disease without any approved therapies at the time and the diagnosis of which generally involves invasive procedures such as liver biopsies. These specificities led us to face significant competition for patient enrollment, and to delay the publication date of our topline interim analysis.

Delays in the commencement, enrollment and completion of our clinical trials could significantly increase our product development costs, which could impair our financing capacity or limit our ability to obtain regulatory approvals required for the continued development of other drug candidates and future commercialization, or have a material impact on our financial position, commercial prospects and ability to generate revenues.

***We cannot be certain that elafibranor or any of our other product candidates, even if they meet preclinical, clinical and regulatory requirements, will receive regulatory approval or certification, as applicable, and without regulatory approval or certification, we or our collaborators will not be able to market our product candidates.***

We currently have no products approved for sale and we cannot guarantee that we or any of our current or future collaborators will ever have marketable products. Our business and financial situation, including future revenues and financing capacity, currently depends substantially on the successful development, regulatory approval and commercialization of elafibranor in PBC by our partner Ipsen, and to a lesser extent, on the clinical development and future commercialization by Terns Pharmaceuticals in Greater China. Our ability to generate near-term revenue derived from product sales will depend on Ipsen's ability to obtain regulatory approval of elafibranor in PBC in the United States, the EEA and other countries, as well as successful commercialization.

We or our current or future collaborators will not be permitted to market our drug candidates in the United States or the EEA until we receive approval of a New Drug Application, or NDA, from the FDA or a marketing authorization, or MA, from the EC (based on the positive opinion of the EMA), as applicable. The same is true for other countries, including the United Kingdom since Brexit. NDAs, marketing authorization applications or MAAs and MAs in other countries must include extensive preclinical and clinical data and supporting information to establish the drug candidate's safety and effectiveness for each desired indication. These marketing applications must also include significant information regarding the chemistry, manufacturing and controls for the drug.

We cannot predict whether our ongoing or planned future trials and studies will be successful or whether regulators will agree with our conclusions regarding the preclinical studies and clinical trials we have conducted to date, or for ongoing trials, with our interim results.

Obtaining marketing authorization is therefore a long and costly process, with an uncertain outcome, and these applications may fail.

Even if a drug is approved (whether conditional approval or final approval), the FDA, EMA, or competent authorities in other countries may limit the indications for which the drug can be marketed, require a comprehensive warning to appear on the drug's label, packaging and/or package insert, or make approval conditional on additional clinical trials or costly and/or time-consuming reports, or post-marketing studies. In some cases, authorization may be withdrawn after it has been granted. In some cases, regulatory approval or certification for any of our product candidates may be withdrawn.

Finally, obtaining regulatory approval or certification for marketing of a drug candidate or diagnostic in one country does not ensure that we will be able to obtain regulatory approval or certification in any other country.

**We are currently developing GNS561 in combination with another treatment which is not proprietary to GENFIT, and may pursue other combination programs in the future, which present additional risks in comparison with single drug programs.**

We are currently developing GNS561 in Cholangiocarcinoma in a Phase 1b/2 trial with trametinib, an MEK-targeting protein kinase inhibitor. We may also assess in the future, as part of some of our other current programs or future programs, the potential combinations of some of our drug candidates in combination with other treatments or other of our drug candidates.

Patients enrolled in this and future trials may not be able to tolerate these drug candidates in combination with other treatments. Even if any drug candidate in development were to receive marketing approval or be marketed for use in combination with other existing treatments, we would still be exposed to the risks that the FDA, EMA or other regulatory authorities may withdraw approval of the treatment used in combination with our drug candidate or that safety, efficacy, manufacturing or supply issues arise with such existing treatments. Combination treatments are commonly used for the treatment of cancers and we would be exposed to similar risks if we developed another of our drug candidates for use in combination with other treatments for indications other than cancer. This could result in our own products, if approved, being taken off the market or being less commercially successful.

We may also evaluate our current drug candidates or any other future drug candidates in combination with other treatments that have not yet been approved for marketing by the FDA, EMA or other regulatory authorities. We or potential current or future partners would not be able to commercialize and sell these drug candidates if, in the end, these associated treatments do not obtain marketing approval.

***To accelerate the development, approval or future commercialization of some of our other drug candidates, we, or our current or future collaborators, may seek to use certain regulatory pathways, but such mechanisms may not actually lead to a faster development or regulatory review or approval process, and may not increase the likelihood that our drug candidates will receive marketing approval.***

In 2019, the FDA granted breakthrough therapy designation for elafibranor for the treatment of PBC. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. For drugs that are designated as breakthrough therapies, interaction and communication between the FDA and the sponsor can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens.

Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe a drug candidate meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a drug candidate may not result in a faster development process, review or approval compared to conventional FDA procedures and does not assure ultimate approval by the FDA.

In addition, even if one or more drug candidates qualifies as a breakthrough therapy, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. We may also seek various other designation mechanisms (such as Fast Track designation from the FDA, or orphan drug designation) for our product candidates in the future, and even if granted, these designations may not lead to accelerated regulatory approval, or approval at all.

For the development and eventual commercialization of elafibranor in PBC, we and our current partner in the territories concerned (Ipsen) may also be able to benefit from two other regulatory approval procedures. These are accelerated approval by the FDA and conditional marketing authorization by the EMEA.

The advantage of these procedures is that it is possible to obtain marketing authorization on the basis of surrogate endpoints (a marker, laboratory measurement, physical sign or other measure, which is thought to predict clinical benefit but which is not itself a measure of clinical benefit).

As is customary, the benefit of these procedures for the development and eventual marketing of elafibranor in PBC has been subject to our partner Ipsen's commitment to diligently conduct post-authorization studies to verify, describe and confirm the clinical benefit of the drug. Elafibranor, if approved in this context for the second-line treatment of PBC, would therefore be subject to strict compliance requirements after its eventual marketing, such as the performance of Phase 4 trials or post-authorization clinical trials by our partner Ipsen in order to confirm the effect on the clinical endpoint. In the absence of post-marketing studies or confirmation of clinical benefit by such post-marketing studies, the FDA and the EMA or regulatory authorities in other countries may initiate proceedings to withdraw approval of the drug in question. B

More generally, accelerated FDA approval is possible if the drug candidate (1) represents a treatment for a serious disease, (2) offers a real benefit compared to other existing therapies, and (3) demonstrates an effect on an endpoint that provides reasonable assurance of clinical benefit. Conditional marketing authorization by the EMEA is possible if (1) the benefit/risk ratio of the drug candidate is positive, (2) it is likely that the applicant will be able to provide the required comprehensive clinical trial data, (3) the drug candidate corresponds to an unmet medical need, and (4) the public health interest in the immediate availability of the drug candidate on the market outweighs the risks associated with the fact that additional data still need to be provided.

We are also studying the possibility of benefiting from the two regulatory approval procedures described above for the development of GNS561 in Cholangiocarcinoma and VS-01 in ACLF. In view of the significant unmet medical needs in these indications, the Orphan Drug Designation granted by the FDA for GNS561 and VS-01 could make these programs eligible for the various accelerated regulatory pathways proposed by the health authorities. However, the processes described above entail decisions which are at the discretion of the EMEA, the FDA or any other competent authority, and no guarantee can be given that they will be obtained.

***Even though we have obtained orphan drug designation for elafibranor for the treatment of PBC in both the US and EEA, we, or Ipsen, may not be able to obtain or maintain the benefits associated with orphan drug status, including market exclusivity. We have also received and may continue to seek orphan drug designation for other of our product candidates, but we may not be able to obtain it or maintain the benefits associated.***

Regulatory authorities in some jurisdictions, including the United States and the EEA, may designate drugs for relatively small patient populations as orphan drugs. Generally, if a drug with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the drug may be entitled to a period of marketing exclusivity, which precludes the FDA or the EC from approving another marketing application for the same drug for that time period.

Elafibranor received orphan drug designation for the treatment of PBC in both the US and the EEA in 2019. GNS561 also received orphan drug designation in the United States for the treatment of CCA, and VS-01 received orphan drug designation in both the United States and EEA for treatment of ACLF and in the United States for treatment of hyperammonemic crisis. We may also seek orphan drug designation for future product candidates and indications.

However, we or our partners may not receive such designation for other drug candidates that we or our partners may develop in the EEA and/or the United States or for any other drug candidate in any other jurisdiction, or for elafibranor, VS-01 or GNS561 in any other indication. Even if we or our partners successfully receive the orphan drug designation, the orphan drug designation does not necessarily guarantee market exclusivity on a given market. Even if we or our partners successfully obtain the exclusivity pertaining to the orphan drug designation for any of our drug candidates, this exclusivity may not protect the product efficiently as exclusivity may be suspended under certain circumstances. In the United States, even after a drug is granted orphan exclusivity and approved, the FDA can subsequently approve another drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. In the EEA, the exclusivity pertaining to the orphan drug designation will not prevent the marketing approval of a similar drug for the same condition if the later drug is shown to be safer, more effective or otherwise clinically superior to the first drug, or if the owner of the market approval of the first product does not have the capacity to deliver sufficient quantities of the product. In addition, if another orphan designated product receives marketing approval and exclusivity for the same condition as the one for which we or a future partner seek to develop a drug candidate, we or our partner may not be able to receive approval of our drug candidate by the relevant regulatory authorities for a significant period of time.

*If the FDA does not conclude that certain of our product candidates satisfy the requirements for the Section 505(b)(2) regulatory approval pathway, or if the requirements for such product candidates under Section 505(b)(2) are not as we expect, the approval pathway for those product candidates may likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in either case may not be successful.*

We are currently conducting a clinical-stage program based on drug repositioning to develop the drug candidate NTZ for ACLF, for which we may seek FDA approval through the Section 505(b)(2) regulatory pathway. The Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act, added Section 505(b)(2) to the FDCA. Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from trials that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference. Section 505(b)(2), if applicable to us under the FDCA, would allow an NDA we submit to the FDA to rely in part on data in the public domain or the FDA's prior conclusions regarding the safety and effectiveness of approved compounds, which could expedite the development program for our product candidates by potentially decreasing the amount of clinical data that we would need to generate in order to obtain FDA approval. NTZ is approved in another indication in the United States, and a previously-conducted Phase 2 investigator-initiated clinical trial of NTZ in MASH-induced fibrosis was allowed based on the existing FDA evaluations of safety in the currently-approved indication, which is a hallmark of the Section 505(b)(2) regulatory pathway. As we progress the NTZ clinical program in ACLF, we plan to initiate such discussions with the FDA. If the FDA does not allow us to pursue the Section 505(b)(2) regulatory pathway as we anticipated, we may need to conduct additional clinical trials, provide additional data and information and meet additional standards for regulatory approval. Even if we are allowed to pursue the Section 505(b)(2) regulatory pathway, we cannot assure you that our product candidates will receive the requisite approvals for commercialization.

In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of our NDAs for up to 30 months or longer depending on the outcome of any litigation. It is not uncommon for a manufacturer of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. However, even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition. In addition, even if we or a future partner are able to utilize the Section 505(b)(2) regulatory pathway, there is no guarantee this would ultimately lead to accelerated product development or earlier approval.

Moreover, even if our product candidates are approved under Section 505(b)(2), the approval may be subject to limitations on the indicated uses for which the products may be marketed or to other conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the products.

The EEA and third countries have equivalent laws and obligations that could equally impact the approval of our product candidates.

***Our near and medium-term future capital resources depend in large part on the regulatory approval of elafibranor in PBC. Because our access to alternative financing is limited, failure in PBC could impact our strategic decisions with respect to the development of our other product candidates and may affect the development or timing of our business prospects.***

Our near and mid-term future capital resources depend in large part on the future potential regulatory approval of elafibranor in PBC in the territories covered by our licensing agreement with our partner Ipsen, the confirmation of its therapeutic benefit after this eventual marketing and the success of its eventual commercialization in this indication and in these territories. Because we have limited access to capital to fund our operations, a delay or the refusal of marketing authorization, unsuccessful post-marketing studies or limited commercial success in this indication could significantly negatively affect our resources available to allocate to research, collaboration, management and financial resources toward particular compounds, programs, product candidates or therapeutic areas. We may be restricted in the opportunities we can pursue, and we may be required to collaborate with third parties to advance a particular product candidate at terms that are less than optimal to us.

Because of our limited resources, we may also have to decline to pursue opportunities that may otherwise prove to be profitable. Furthermore, any failure (or in some cases delay) in the successful development of elafibranor in PBC would result in the non-payment of milestones and/or lower royalties negotiated under our partnership agreement with Ipsen. To a lesser extent, development failure of elafibranor in Greater China through Terns Pharmaceuticals could result in similar outcomes.

***Our product candidates may have undesirable side effects which may require us to stop their development, including a clinical trial or which may delay or prevent marketing approval, or, if approval is received, require them to include safety warnings or otherwise limit their sales.***

Unforeseen side effects from any of our product candidates could arise either during clinical development, forcing us to potentially stop or terminate preclinical development or a clinical trial, or, if approved or CE marked, after the approved or CE marked product has been marketed. If severe side effects were to occur, or if elafibranor or one of our other product candidates is shown to have other unexpected characteristics, we or our current or future collaborators may need to either restrict our use of such product to a smaller population or abandon our or their development.

In addition, our product candidates are being developed as potential treatments for severe, life-threatening diseases and, as a result, our trials will necessarily be conducted in a patient population that will be more prone than the general population to exhibit certain disease states or adverse events. Patients with PBC, ACLF or CCA may suffer from other co-morbidities that may increase the likelihood of certain adverse events. It may be difficult to discern whether certain events or symptoms observed during our trials were due to our product candidates or some other factor, resulting in our company and our development programs being negatively affected even if such events or symptoms are ultimately determined to be unlikely related to our drug candidates. We cannot ensure that additional or more severe adverse side effects with respect to elafibranor, NTZ, GNS561, VS-01 or any other drug candidate will not develop in current or future preclinical studies or clinical trials or commercial use, which could delay or preclude their regulatory approval, limit their commercial use or require them to be taken off the market. However, DSMBs are set up in our main clinical trials to evaluate side effects observed during our studies at regular intervals defined in our study protocols, and to issue recommendations concerning their continuation or the conditions for their continuation, although they may not be effective.

If we or others later identify undesirable or unacceptable side effects caused by our products or product candidates:

- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- we or current or future collaborators may be required to change instructions regarding the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- we may be subject to limitations on how we may promote the product;
- regulatory authorities may require us or current or future collaborator(s) to take our approved or CE marked product off the market; and
- our reputation or that of our current or future collaborators may suffer.

**Risks Related to the Discovery and Development of, and Obtaining Regulatory Approval or CE Certificates of Conformity for, our Diagnostic Technology**

***The development of our NIS4® technology and its variations and improvements, including NIS2+®, and tests powered by this technology requires access to clinical trials, data and clinical samples in MASH patients and therefore our development is also subject to the risks related to these trials.***

In support of the development of our drug candidates, we conduct research and development programs to identify new, innovative diagnostic strategies, in particular to determine the population of patients to be treated. We initially developed NIS4® diagnostic technology and have sought to continually make improvements, with the primary objective of making it easier to identify patients with MASH who are eligible for therapeutic intervention. Our NIS2+® technology is one of the improvements on NIS4® and carries with it the same objective.

Today, NIS4® technology is out-licensed to Labcorp and Q Squared Solutions LLC or Q2 to allow them to develop and deploy a test powered by NIS4® technology in the clinical research space. Since 2020, we have also out-licensed to Labcorp the rights to develop NIS4® technology as an LDT and in 2021, Labcorp launched NASHNext®, an LDT powered by NIS4® technology to provide broad clinical availability of the test to specialty and primary care physicians across the U.S. and Canada and to identify patients with significant fibrosis or at-risk of MASH.

Further development of our NIS4® technology and its improvements as an IVD will require us or our future partners to keep gathering clinical data within the framework of trials or observational studies in which NIS4® is currently being evaluated or within the framework of potential additional clinical trials or observational studies to come.

In these trials or observational studies, we will continue to use human samples. Even though we have preferred access to the samples collected during the clinical development of elafibranor in MASH, we may be unable to access a sufficient quantity of samples or samples of a sufficient quality or usability, in which case the continuation of the development of NIS4® and its improvements could be slowed down or even interrupted. In order to have access to samples, we may be required to enter into partnership agreement with hospitals or other third parties, and we may not be able to enter into these agreements under satisfactory conditions or within the desired timeframes, if at all.

The strength of NIS4® technology initially identified on a relatively limited number of samples could turn out to not be sufficient during potential future validation studies on larger target populations, and notably not display sufficient levels of accuracy, sensitivity or specificity in order to allow for the development of a competitive test for clinical care that would be adopted by the medical community. The results of earlier clinical trials or studies does not allow predicting future results and NIS4® technology may not obtain favorable results in ongoing or future clinical studies. Results for additional clinical trials may not validate earlier positive results from other trials, which could call into question NIS4® technology's utility and medico-economic benefit.

***Developing the full medical and commercial potential of NIS4® and its derivatives, and of diagnostic tests using these technologies, remains subject to the risks associated with diagnostic product development, requires regulatory approval which may not be obtained, and the approval of drugs to treat for MASH.***

In order to reach the largest number of MASH patients possible, we or our future partners need to develop an IVD powered by NIS4® technology or its improvements to identify patients with MASH and fibrosis who may be eligible for therapeutic intervention.

In order to be allowed to directly market and sell an IVD powered by NIS4® or its improvements in the EEA, IVD manufacturers must demonstrate compliance of their products through a conformity assessment procedure, which, depending on the risk classification of the product, may involve a Notified Body. The Notified Body issues a CE Certificate of Conformity following successful completion of a conformity assessment procedure. The successful completion of the conformity assessment procedure is a prerequisite to being able to affix the CE mark to products, allowing manufacturers to market IVDs in the EEA. In the United States, the product must achieve FDA approval/clearance. Other relevant regulatory requirements must be met to market in other countries. In the United States, IVD tests are regulated as medical devices.

Alternatively, the product may be marketed as an LDT, which does not require FDA approval, but requires the laboratory conducting the test to have been certified under the Clinical Laboratory Improvement Amendments of 1988 Act or CLIA and certain state laboratory licenses. Both testing services by Labcorp and Covance are currently conducted within the framework of CLIA, which establishes quality standards that must be followed in laboratory testing in order to ensure accuracy, reliability and speed of patient test results wherever the test is conducted. This law has instated an accreditation program for clinical laboratories, which Labcorp and Covance have received.

We currently do not have any IVD approved, cleared or CE marked test that has been approved for marketing through such a regulatory process and we cannot guarantee that we or potential collaborators will ever develop marketable IVD tests. We have not submitted any marketing applications for any IVD test with the FDA, nor submitted any application for certification with any Notified Body in the EEA, and, in particular, we have not submitted any marketing application for NIS4®.

The NIS4® technology and its improvements have been developed in a field where no MASH-specific non-invasive test has been approved or CE marked nor commercialized for clinical care to date, and in an area where clinical experience is currently limited. Our development approach relies therefore on new methodologies. It is thus possible that, in this context, our diagnostic development does not meet a favorable outcome or that, despite a favorable outcome, regulatory authorities determine that the results of our clinical trials or those of our collaborators are insufficient to grant market approval or CE Certificates of Conformity for an IVD test using the NIS4® technology for clinical care of MASH patients.



Each regulatory authority may indeed refuse to issue approval or certification, impose conditions to such issuance, or require additional data prior to issuance, even when such approval or certification would have been already granted by regulatory authorities in other jurisdictions. Regulatory authorities may also modify their approval or certification policies, particularly by adding new or additional conditions to grant approval or certification. As an example, Regulation (EU) 2017/746 (IVDR) governing IVDs in the EEA entered into application on May 26, 2022 includes stricter requirements for manufacturers of IVDs to obtain the CE Certificate of Conformity and commercialize IVDs in the EEA. We are also required to provide clinical data in the form of a performance evaluation report as part of the conformity assessment process prior to CE marking and in post marketing clinical follow-up activities. Fulfillment of the obligations imposed by the IVDR may cause us to incur substantial costs. We may be unable to fulfil these obligations, or our Notified Body, where applicable, may consider that we have not adequately demonstrated compliance with our related obligations to merit a CE Certificate of Conformity on the basis of the IVDR.

We or our potential collaborators may be subject to delays in obtaining the CE Certificate of Conformity required to affix the CE Mark to our IVD and market a test using NIS4® or its improvements for clinical care, or even not be successful in receiving certification, due to the entry into force the IVDR in the EEA. Such delay or failure may have an unfavorable impact on our ability to market a test using NIS4® technology or its improvements and our ability to generate direct or indirect revenue from this activity.

Once these authorizations have been obtained, the deployment of the IVD test will also depend to a large extent on the approval of treatment solutions for MASH, such as the recent approval of Madrigal Therapeutic's product Rezdiffra.

Even after regulatory approval or CE Certificates of Conformity have been granted or declarations of commercialization have been filed with regulatory authorities, IVD tests remains subject to materiovigilance and market-surveillance obligations concerning incidents and risks of incidents related to their use. Even though such incidents may occur and lead regulatory authorities to suspend, vary or even revoke the market authorization or CE Certificates of Conformity of such products. Regulatory authorities may also conclude that procedures put in place by us or our collaborators are insufficient in order to identify and handle incidents, and could suspend commercialization of the products until these procedures are considered sufficient.

It is possible, in particular, that an LDT or IVD powered by NIS4® or its variations, at the time of its launch on the market for clinical care, will not replace the current tests and medical examinations. In that case, the place of a test powered by NIS4® or its variations, initially or as a complement or substitute of certain examinations would have to be assessed through additional clinical studies that would allow evaluating its medico-economic benefit often required to obtain reimbursement. The results of these studies may not support the use of a test using NIS4® technology within the standard of care in a way that meets the needs of clinical practitioners or demonstrates a favorable economic outcome. With such results, a test powered by NIS4® or its variations may not obtain reimbursement, especially in European countries, which could materially affect product sales.

#### **Risks Related to the Commercialization of Our Drug Candidates and Diagnostic Technology**

***Even if approved, our product candidates may find themselves at a competitive disadvantage or not achieve broad market acceptance among physicians, patients and healthcare payors, and as a result our revenues generated from their sales may be limited.***

The commercial success of elafibranor as a potential treatment for PBC or in other indications, our other drug candidates or an LDT or IVD powered by NIS4® or its improvements, if approved or cleared, will depend upon their acceptance among the medical community, including physicians, healthcare payors and patients. Given that there are a limited number of products approved for the treatment of PBC, and no products approved for treatment of ACLF, we do not know the degree to which elafibranor or our other product candidates would be accepted as a therapy, if approved. Additionally, we cannot be assured that NASHNext®, or IVD powered by NIS4® or its improvements will be accepted by the medical community as a means of identifying patients with MASH or fibrosis who may be appropriate candidates for therapeutic intervention, and even if an LDT or IVD powered by NIS4® or its improvements is used, a physician may still require additional testing (e.g. liver biopsy) to confirm diagnosis using a test based on our technologies. The competitive intensity represented by future treatments (such as seladelpar for the treatment of PBC, which at the date of this Annual Report has not been reviewed by the FDA) and future diagnostic solutions could very significantly influence this adoption.

The degree of market acceptance of elafibranor or any of our other drug candidates, or NASHNext® or IVD using our diagnostic technologies, if and when they would be approved will depend on a number of factors, including:

- changes in the standard of care or availability of alternative therapies at similar or lower costs (including generics) or with better reimbursement rates for the targeted indications for any of our product candidates, such as competitors' product candidates that are in development for the treatment of PBC, or other cholestatic diseases like ACLF or CCA, or an alternative to liver biopsy for the diagnosis of MASH and fibrosis;
- limitations in the approved clinical indications or patient populations for our product candidates;
- demonstrated clinical safety and efficacy compared to other products;
- limitations or warnings, including boxed warnings, contained in our drug candidates' FDA- or EC-approved labeling, if and when approved;
- lack of significant adverse side effects;
- sales, marketing and distribution support for our products and those of our competitors;

- availability of coverage and adequate reimbursement from managed care plans and other third-party payors;
- timing of market introduction and perceived effectiveness of competitive products;
- the degree of cost-effectiveness;
- the extent to which our product candidates are approved for inclusion on formularies of hospitals and managed care organizations;
- whether our drug or diagnostic candidates are designated under physician diagnostic and treatment guidelines for the treatment of the indications for which we, our partners Ipsen and Terns Pharmaceuticals or a potential future partner have received regulatory approval;
- adverse publicity about our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our product candidates; and
- potential product liability claims.

The following could also have a negative impact on sales:

- if they were subject to intellectual property rights held by third parties;
- if we or our current or future partners had no stock, or if we or our current or future partners were unable to have stock of our authorized products manufactured; and
- if we or our current or future partners fail to obtain regulatory approval for the manufacture of our products.

If our product candidates are approved, but do not achieve an adequate level of acceptance by physicians, patients, the medical community and healthcare payors, sufficient revenue may not be generated from these products and we may not become or remain profitable. In addition, efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may never be successful.

***If we, or our current and future collaborators are unable to establish sales, marketing and distribution capabilities for elafibranor or our other product candidates, we may not be successful in commercializing those product candidates if and when they are approved.***

We have no sales, marketing or distribution experience and if we are unable to establish sales, marketing and distribution capabilities, we may not be successful in commercializing our product candidates if and when they are approved. To develop internal sales, distribution and marketing capabilities, we would need to invest significant amounts of financial and management resources, prior to any confirmation that our product candidates will be approved. Worldwide development and commercialization rights for elafibranor, our most advanced drug candidate, are licensed exclusively to Ipsen in PBC and in all other indications, with the exception of rights licensed to Terns Pharmaceuticals for the development and commercialization of elafibranor in MASH and PBC in mainland Greater China. We are therefore heavily dependent on the sales, marketing and distribution capabilities of our partners, and Ipsen, in particular.

If we decide to market any of our products ourselves, we would need to develop our own sales and marketing capabilities. For any product candidates where we decide to perform sales, marketing and distribution functions ourselves or through third parties, we could face a number of additional risks, including:

- we or our third-party sales collaborators may not be able to attract and build an effective marketing or sales force;
- our sales personnel may be unable to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future products;
- the cost of securing or establishing a marketing or sales force may exceed the revenues generated by any products; and
- our direct sales and marketing efforts may not be successful or less successful than those of our competitors.

If we are unable to establish our own sales, marketing and distribution capabilities and decide to enter into arrangements with third parties to perform these services for the products on the markets or indications that are not already subject to licensing agreements, our revenue and our profitability, if any, are likely to be lower than if we were to sell, market and distribute any products that we develop ourselves. Additionally, such collaboration agreements with current or potential collaborators may limit our control over the marketing of our products and expose us to a number of risks, including the risk that the partner will not prioritize the marketing of the product candidate or diagnostic test candidate or does not provide sufficient resources for its commercialization.

*Any of our product candidates for which we or our collaborators obtain marketing approval or CE Certificates of Conformity will be subject to ongoing regulation and could be subject to post-marketing restrictions or withdrawal from the market. Furthermore, we or our collaborators may be subject to substantial penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products following approval or receipt of CE Certificates of Conformity.*

Even if we or our collaborators receive regulatory approval or CE Certificates of Conformity for a product candidate, this approval or certification may carry conditions that limit the market for the product or put the product at a competitive disadvantage relative to alternative therapies or diagnostic solutions. For instance, a regulatory approval may limit the indicated uses for which we or our collaborators can market a product or the patient population that may utilize the product, or may be required to carry a warning, such as a boxed warning, in its labelling and on its packaging. Products with boxed warnings are subject to more restrictive advertising regulations than products without such warnings. These restrictions could make it more difficult to market any product candidate effectively.

Additionally, any of our product candidates for which we or our collaborators obtain regulatory approval or certification, as well as the manufacturing processes, post-approval studies and measures, labelling, advertising and promotional activities for such products, among other things, will be subject to continual requirements of and review by the EMA, competent authorities of EEA countries, FDA, other regulatory authorities, and Notified Bodies, as applicable. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians, recordkeeping, advertising and promotion and reporting of adverse experiences with the drug.

Once approval is granted, the FDA, or other comparable foreign regulatory authorities, may issue enforcement letters or withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug reaches the market

Depending on the outcome, the FDA, EC, or national regulatory authorities of the EEA countries could revoke, suspend or vary the previously granted approval.

Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug, under a risk evaluation and mitigation strategy, or REMS, or comparable foreign strategy, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- revisions to the approved labelling to add new safety information;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA, EC, or national regulatory authorities of the EEA countries to approve applications or supplements to approved applications, or suspension, variation or revocation of drug approvals;
- drug seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

Corrective action could delay drug distribution and require significant time and financial expenditures. The requirement for a REMS or comparable foreign strategies can be costly to establish and can materially affect the potential market and profitability of the drug.

The FDA and other comparable foreign regulatory authorities strictly regulate marketing, labelling, advertising and promotion of drugs that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other comparable national and foreign regulatory authorities enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including civil, criminal and administrative penalties. Industry associations may also actively supervise promotional activities and report any non-compliance to the competent authorities. However, physicians may, in their independent medical judgment, prescribe legally available products for off-label uses. The FDA and other comparable foreign regulatory authorities do not regulate the behavior of physicians in their choice of treatments but the FDA and other comparable foreign regulatory authorities do restrict manufacturer's communications on the subject of off-label use of their products.

EEA countries' legislation may also restrict or impose limitations on our ability to advertise our products directly to the general public. In addition, voluntary EU and national industry Codes of Conduct provide guidelines on the advertising and promotion of our products to the general public and may impose limitations on our promotional activities with healthcare professionals, which could negatively impact our business, operating results and financial condition.

In addition, if we are able to affix the CE mark to an IVD powered by NIS4® for marketing in the EEA, we may be required to conduct costly post-market testing and surveillance to monitor the safety or effectiveness of such products in the EEA. We would also be required to comply with IVD reporting requirements, including the reporting of adverse events and malfunctions related to our products. Later discovery of previously unknown problems with our products, including unanticipated adverse events or adverse events of unanticipated severity or frequency, manufacturing problems, or failure to comply with regulatory requirements may result in changes to labeling, restrictions on such products or manufacturing processes, withdrawal of the products from the market, voluntary or mandatory recalls, a requirement to repair, replace or refund the cost of any IVD we would manufacture or distribute, fines, suspension, variation or withdrawal of CE Certificates of Conformity, product seizures, injunctions or the imposition of civil or criminal penalties which would adversely affect our business, operating results and prospects. All manufacturers placing IVDs on the market in the EEA are legally bound to report incidents within strict deadlines and trends involving devices they produce or sell to the regulator authority, in whose jurisdiction the incident occurred. Malfunction of our products could result in future voluntary corrective actions, such as recalls, including corrections, or customer notifications, or regulatory action, such as inspection or enforcement actions. If malfunctions do occur, we may be unable to correct the malfunctions adequately or prevent further malfunctions, in which case we may need to cease manufacture and distribution of the affected products, initiate voluntary recalls, and redesign the products.

In addition, any significant changes made to CE marked IVDs placed on the EEA market, or substantial changes to the related quality assurance system affecting the IVD, must be notified to the Notified Body having delivered the related CE Certificate of Conformity. Obtaining variation of existing CE Certificates of Conformity or a new CE Certificate of Conformity can be a time-consuming process, and delays in obtaining required future clearances or approvals would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth.

If a regulatory authority of an EEA country finds a violation of the IVDR obligations for which we are considered to be responsible we may be subject to a wide variety of enforcement actions, ranging from warning letters, injunction letters, ordering recalls, fines, seizing affected products, civil penalties and criminal prosecution.

Accordingly, assuming we or our current or future collaborators receive regulatory approval or certification for one or more of our product candidates, we and our collaborators will continue to expend time, money and effort in all areas of regulatory compliance.

***Government restrictions on pricing and reimbursement, as well as other healthcare payor cost-containment initiatives, may negatively impact our ability or that of our current or future collaborators to generate revenues even if we or they obtain regulatory approval to market a product candidate.***

Our ability to successfully commercialize any of our product candidates or that of our current or future collaborators, if approved, also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from third-party payors, including government authorities, such as Medicare and Medicaid in the United States, private health insurers and health maintenance organizations. These third-party payors determine which medications they will cover and establish reimbursement levels. Assuming we or our current or future collaborators obtain coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use our products unless coverage is provided and reimbursement is adequate to cover all or a significant portion of the cost of our products. Therefore, coverage and adequate reimbursement is critical to new product acceptance. Coverage decisions may depend upon clinical and economic standards that disfavor new drug products when more established or lower cost therapeutic alternatives are already available or subsequently become available. Moreover, no uniform policy requirement for coverage and reimbursement for drug products exists among third-party payors in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement rates, but also have their own methods and approval process apart from Medicare determinations. Therefore, coverage and reimbursement for drug products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us or our collaborators to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we or our collaborators obtain marketing approval. If coverage and reimbursement are not available or reimbursement is available only to limited levels, we may not successfully commercialize any product candidate for which we obtain marketing approval.

We expect that the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, ACA, as well as other healthcare reform and cost-containment measures that may be adopted in the future, at both the federal and state levels in the United States, as well as internationally, may result in more rigorous coverage criteria and lower reimbursement from both government funded programs as well as private payors, and in additional downward pressure on the price that we or our partners receive for any approved product candidate.

***Failures to reimburse an LDT or IVD powered by NIS4® or its variations, if commercialized for clinical care, or changes in reimbursement rates by third-party payors and variations in reimbursement rates could materially and adversely affect our revenues and could result in significant fluctuations in our revenues.***

Our ability or that of a potential future collaborator to successfully commercialize an LDT or IVD powered by NIS4® or its variations will depend on the availability of an approved drug to treat MASH and also on the extent to which coverage and adequate reimbursement for this test will be available from third-party payors, such as government health administration authorities, private health insurers and other organizations. Insurance coverage and reimbursement rates for diagnostic tests are uncertain, subject to change and particularly volatile during the early stages of a newly commercialized diagnostic test. As of the date of this annual report, NASHNext® has not obtained reimbursement status in the countries where it is commercialized by Labcorp. It is uncertain as to what extent third-party payors will provide coverage for NASHNext®, another LDT or IVD powered by NIS4® or its variations, if commercialized for clinical care. We will also likely experience volatility in the coverage and reimbursement of NASHNext®, another LDT or IVD test due to contract negotiation with third-party payors and implementation requirements.

The reimbursement amounts we receive from third-party payors will vary from payor to payor, and, in some cases, the variation is material. Third-party payors have increased their efforts to control the cost, utilization and delivery of healthcare services. These measures have resulted in reduced payment rates and decreased utilization for the diagnostic test industry. From time to time, Congress has considered and implemented changes to the Medicare fee schedules in conjunction with budgetary legislation, and pricing for tests covered by Medicare is subject to change at any time. Reductions in the reimbursement rate provided by third-party payors may occur in the future. Reductions in the price at which NASHNext®, another LDT or IVD powered by NIS4® or its variations is reimbursed could have a material adverse effect on our revenues. If we and our potential future collaborators are unable to establish and maintain broad coverage and adequate reimbursement for NASHNext®, another LDT or IVD powered by NIS4® or its variations or if third-party payors change their coverage or reimbursement policies with respect to NASHNext®, another LDT or IVD test, our revenues could be materially and adversely affected.

***Our future growth depends, in part, on our or our collaborators' ability to penetrate international markets, where we or they would be subject to additional regulatory burdens and other risks and uncertainties.***

Our future profitability will depend on our or our collaborators' (Ipsen, Terns Pharmaceuticals, Labcorp/Covance, Q2) ability to commercialize our product candidates in the United States, EEA and other territories around the world. If we or our collaborators commercialize our product candidates in international markets, we would be subject to additional risks and uncertainties, including:

- economic weakness, including inflation;
- political instability, armed conflict or war in particular economies and markets, such as in Ukraine;
- global pandemics like COVID-19;
- the burden of complying with complex and changing non-U.S. regulatory, tax, accounting and legal requirements, many of which vary between countries;
- different medical practices and customs in non-U.S. countries affecting acceptance in the marketplace;
- governmental controls, export controls, tariffs and other trade barriers and modifications thereto;
- other trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or other governments;
- longer accounts receivable collection times;
- longer lead times for shipping;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is common;
- language barriers for technical training;
- reduced protection of intellectual property rights in some countries outside the United States, and related prevalence of generic alternatives to therapeutics;
- foreign currency exchange rate fluctuations and currency controls; and
- the interpretation of contractual provisions governed by laws outside the United States in the event of a contract dispute.

***Adverse market and economic conditions may exacerbate certain risks associated with commercializing our product candidates.***

Future sales of our product candidates, if they are approved, will be dependent on purchasing decisions of and reimbursement from government health administration authorities, distributors and other organizations. As a result of adverse conditions affecting the global economy and credit and financial markets, including disruptions due to political instability, armed conflict, wars, global pandemics or otherwise, these organizations may defer purchases, may be unable to satisfy their purchasing or reimbursement obligations, or may delay payment for elafibranor, NASHNext® or another LDT or IVD powered by NIS4® or its improvements or any of our product candidates that are approved for commercialization in the future. In addition, the increase of inflation rates in recent years and the current armed conflicts in Ukraine or Israel may additionally affect the commercialization of our products and product candidates.

#### **Risks Related to the Dependency on Third Parties**

***We depend on third-party contractors for a substantial portion of our operations, namely contract research organizations or CROs for our preclinical studies and clinical trials and contract manufacturing organizations or CMOs for manufacturing of our active ingredients and therapeutic units and may not be able to control their work as effectively as if we performed these functions ourselves.***

Under our supervision, we outsource substantial portions of our operations to third-party service providers, including preclinical studies and clinical trials, collection and analysis of data and manufacturing of our drug candidates and the realization of certain analyses performed under our agreements with Labcorp and Q2 pertaining to an LDT or IVD powered by NIS4® technology or its variations for use in the clinical research and clinical diagnostics markets. In particular, we subcontract certain elements of the design and/or conduct of our preclinical studies and clinical trials to CROs, as well as the manufacturing of our active ingredients and therapeutic units to CMOs.

We also contract with external investigators and other specialized services providers, for example with respect to certain statistical analyses, to perform services such as carrying out and supervising, and collecting, analyzing and formatting of data for our trials. Although we are involved in the design of the protocols for these trials and in monitoring them, we do not control all the stages of test performance and cannot guarantee that the third parties will fulfil their contractual and regulatory obligations. In particular, a contractor's failure to comply with protocols or regulatory constraints, or repeated delays by a contractor, could compromise the development of our products or result in liability for us, including our contractual liability resulting from provisions in agreements we have signed with Terns Pharmaceuticals for the development of elafibranor in Greater China. Such events could also inflate the product development costs borne by us.

This strategy means that we do not directly control certain key aspects of our product development, such as:

- the quality of the product manufactured;
- the delivery times for therapeutic units (pre-packaged lots specifically labeled for a given clinical trial);
- the clinical and commercial quantities that can be supplied;
- compliance with applicable laws and regulations; and
- the quality or accuracy of the data obtained by third parties.

Additionally, our development activities or clinical trials conducted in reliance on third parties may be delayed, suspended, or terminated if:

- the third parties do not devote a sufficient amount of time or effort to our activities or otherwise fail to successfully carry out their contractual duties or to meet regulatory obligations or expected deadlines; or
- we replace a third party; or
- the quality or accuracy of the data obtained by third parties is compromised due to their failure to adhere to pre-clinical and clinical protocols, regulatory requirements, or for other reasons.

We may not be able to control the performance of third parties in their conduct of development activities. In the event of a default, bankruptcy or shutdown of, or a dispute with, a third party, we may be unable to enter into a new agreement with another third party on commercially acceptable terms. Further, third-party performance failures may increase our development costs, delay our ability to obtain regulatory approval, and delay or prevent the commercialization of our product candidates. In addition, our third-party agreements usually contain a clause limiting such third party's liability, such that we may not be able to obtain full compensation for any losses we may incur in connection with the third party's performance failures. While we believe that there are numerous alternative sources to provide these services, in the event that we seek such alternative sources, we may not be able to enter into replacement arrangements without incurring delays or additional costs.

***We rely entirely on third parties for the manufacturing of our drug candidates and the future manufacturing of an IVD powered by NIS4® or its variations for use as a clinical diagnostic. Our business could be harmed if those third parties fail to provide us with sufficient quantities of drug product or tests, or fail to do so at acceptable quality levels or prices.***

We do not currently and do not intend in the future to manufacture the drug products, nor future test kits related to an IVD powered by NIS4® or its variations, that we or our collaborators plan to sell if approved, or successfully complete the conformity assessment procedure for use as a clinical diagnostic.

We currently have agreements with a contract manufacturers for the production of the active pharmaceutical ingredients and the formulation of drug product for our clinical trials. If any of these suppliers should cease to provide services to us, or our collaborators, for any reason, we likely would experience delays in advancing our clinical trials and, if applicable, for the commercial launch while we or our collaborators identify and qualify one or more replacement suppliers and we may be unable to obtain replacement supplies on terms that are favorable to us.

While we believe that our current inventory and drugs in production at various levels of the production chain are sufficient for our needs on a short-term basis, we and Ipsen rely on one supplier for the active ingredient in elafibranor and another manufacturer for the therapeutic units of elafibranor used in our clinical trials and, if applicable, for the provision of the first commercial lots. A failure at both of the storage sites of the therapeutic units used for the ongoing ELATIVE® Phase 3 study evaluating elafibranor in PBC would be detrimental to our and Ipsen's clinical development plan.

For example, we have had to face the temporary closing of one of these units for a duration of 15 days due to a suspected case of COVID-19, even though this unit has indicated to us that this would not affect the provision of future clinical lots.

We do not have agreements for long-term supplies of any of our other product candidates. With regard to VS-01, we are also dependent on several CMOs to cover the supply of therapeutic units and other materials required for the ongoing Phase 2 trial in ACLF. Concerning NTZ, we use the already commercialized formulation in our clinical trials, which is available to purchase from pharmaceutical wholesalers and are until we are able to finalize our reformulation process are therefore subject to market fluctuations in availability and price. Regarding the supply of GNS561, we depend on our partner Genoscience Pharma with whom we have signed a supply agreement to cover the needs of the Phase 1b/2 trial evaluating GNS561 in Cholangiocarcinoma. We also depend on our partners Seal Rock Therapeutics and Celloram to cover the supply needs linked to the first preclinical developments of SRT-015 and CLM-022.

Additionally, the facilities used by any contract manufacturer to manufacture elafibranor or any of our other product candidates must be the subject of a satisfactory inspection before the FDA, the national competent authority of the EU member states, or the regulators in other jurisdictions that approve the product candidate manufactured at that facility. We are completely dependent on these third-party manufacturers for compliance with the requirements of U.S. and non-U.S. regulators for the manufacture of our finished products. If our manufacturers cannot successfully manufacture material that conform to our specifications and current good manufacturing practice requirements of any governmental agency whose jurisdiction to which we are subject, our products or product candidates will not be approved or, if already approved, may be subject to recalls or other enforcement action.

In the event of a default, bankruptcy or liquidation of a subcontractor, a service provider (CRO or CMO) or a collaborator, such as Genoscience, with whom we have entered into a supply agreement, or Seal Rock Therapeutics or Celloram, or a dispute with one of these collaborators or service providers, we may not be able to enter into a new contract with a different subcontractor or service provider on commercially acceptable terms. In addition, failures of our subcontractors, collaborators or service providers in the course of their work could increase our development costs, delay obtaining regulatory approval or prevent the commercialization of our product candidates. Any of these factors could cause delays in launch or completion of our clinical trials, or of approval or disruption of commercialization of our products or product candidates, cause us to incur higher costs, prevent us or our potential future collaborators from commercializing our products and product candidates successfully or disrupt the supply of our products after commercial launch. Furthermore, if any of our partners, such as Genoscience Pharma, or contract manufacturers fails to deliver the required clinical or commercial quantities of finished product on acceptable commercial terms and we or our current or future collaborators are unable to find one or more replacement manufacturers capable of production at substantially equivalent cost, volume and quality and on a timely basis, we would likely be unable to meet demand for our products and could lose potential revenue. It may take several years to establish an alternative source of supply and to have any such new source approved by the government agencies that regulate our products.

***We have entered, and may in the future enter into, collaboration, licensing or co-marketing agreements with third parties for the development and eventual commercialization of our product candidates and NIS4® diagnostic technology or its variations, and may not generate revenues from these agreements.***

We have entered into an exclusive licensing and collaboration agreement with Ipsen to develop and commercialize elafibranor for the treatment of PBC and other indications worldwide, with the exception of Greater China which is licensed to Terns Pharmaceuticals. Our NIS4® technology and its improvements are licensed to two partners, both to Labcorp to allow them to deploy an LDT powered by NIS4® technology in the clinical research and clinical diagnostics spaces and also to Q2 in the clinical research space. Should we seek to collaborate with additional third parties with respect to our development programs, we may not be able to locate a suitable collaborator and may not be able to enter into an agreement on commercially reasonable terms or at all.

We also signed licensing agreements with Genoscience to develop and commercialize GNS561 in CCA, with Seal Rock Therapeutics to develop and commercialize an injectable formulation of SRT-015 in acute liver disease, and with Celloram to develop and commercialize CLM-022 in liver disease.

Any new collaboration may require additional expenditures, increase our short and long term investments, require us to issue new shares and dilute our existing shareholders or disrupt our management team or activities. With our current agreements, or even if we succeeded in securing collaborators for the development and commercialization of elafibranor, our NIS4® technology, the NASHNext® LDT or our other product candidates, we have limited control over the amount and timing that our collaborators may dedicate to the development or commercialization of our product candidates.

These collaborations and licensing agreements pose a number of risks, including:

- the means and resources used within the framework of these agreements remain, for the most part, at the discretion of the partner, and they may not allocate sufficient resources to carrying out development and commercialization;
- the partner might not fulfill its contractual obligations;
- the partner might interrupt the development or commercialization or decide to interrupt or not renew the development or commercialization programs due to a change in strategic orientation, a lack of financing or external factors such as an acquisition that would reallocate resources or induce different priorities;
- the partner might develop, independently or with the assistance of third parties, products, in the case of pharmaceuticals or in-vitro tests, in the case of diagnostic technologies that are in direct or indirect competition with our product candidates or future IVD powered by NIS4® or its variations if it believes that it is easier to successfully commercialize competing products under more attractive economic conditions than ours;
- the partner might not protect or defend our intellectual property rights in an appropriate manner or might use exclusive information that belongs to us in a manner resulting in disputes that may compromise or discredit our exclusive information or expose us to potential disputes;
- the partner might not respect the property rights of third parties, which might expose us to litigation and potentially involve our liability;
- disputes might arise between us and the partner, which could result in delays or suspension of the commercialization of the product candidate, or legal action or costly procedures that would monopolize resources as well as divert management's attention;
- we might lose certain important rights obtained through these partnerships, notably in the case of change of control of our company;
- the collaboration might be terminated and, in such case, require additional financing to further develop or market the product candidate licensed to it;
- the partner has access to our discoveries and might use this information to develop future competing products;
- there may be conflicts between different partners that could negatively affect those partnerships and potentially others;
- the collaboration, due to its nature, might have a negative impact on our attractiveness for collaborators or potential acquirers;
- the collaboration might not result in the development and commercialization of the product candidate(s) in an optimal fashion or never fulfill its objectives;
- if the partner were to take part in a merger, the continuity of advancement and the central nature of our commercialization program might be delayed, reduced or suspended by it; and
- the partner may be unable to obtain or maintain the necessary marketing approvals.

Thus, collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all. For example, although we have entered into a license agreement with Labcorp to enable them to develop and commercialize an LDT powered by NIS4® or its variations for clinical research and clinical diagnostic purposes, there is no guarantee that our collaboration with Labcorp will result in widespread clinical or commercial use of NASHNext®, an LDT powered by NIS4® technology for clinical care. Commercial launch of NASHNext® in 2021 was slowed by COVID-19 and also impacted by the lack of approved treatment for MASH. Similarly, although we have entered into a collaboration and license agreement with Ipsen and Terns Pharmaceuticals, there is no guarantee that our partnership with Ipsen or Terns Pharmaceuticals will successfully result in a generalized clinical or commercial use of elafibranor for these indications and in those jurisdictions. Finally, the conclusion of licensing-out agreements, such as those we have signed with Ipsen, Terns Pharmaceuticals, Labcorp and Q2, necessarily implies that part of the value of the product candidates concerned is transferred to the partner. This reduces our ability to generate revenues and profits, without necessarily being fully offset by the source of financing represented by the payments received on signature or on reaching development milestones, or in the form of royalties.

We also face competition in seeking out collaborators. If we are unable to secure new collaborations that achieve the collaborator's objectives and meet our expectations, we may be unable to advance our product candidates and may not generate meaningful revenues.



Licensing-in agreements, such as those we have signed with Genoscience, Sealrock Therapeutics and Celloram, provide for payments to partners in the event of scientific and regulatory milestones being met, and royalties in the event of commercialization. These agreements may also impair our ability to generate profits if we fail to achieve the expected direct or indirect commercial benefits.

***If the manufacturing facilities of our third-party manufacturers of drug candidates as well as the central testing laboratories of Labcorp fail to comply with applicable regulations or maintain these approvals, our business will be materially harmed.***

We do not currently and do not intend in the future to manufacture the drug candidates we or our collaborators intend to sell. We outsource the manufacturing of our products to third parties, who are, in turn, subject to ongoing regulation and periodic inspection by the national regulatory authorities of the EEA countries, FDA and other regulatory bodies to ensure compliance with current Good Manufacturing Practices, or cGMP. Any failure to follow and document their adherence to such cGMP regulations or other regulatory requirements may lead to significant delays in the availability of products for commercial sale or clinical trials, may result in the termination of or a hold on a clinical trial, may delay or prevent filing or approval of marketing applications for our product candidates, may lead to the shutdown of the third-party vendor or invalidation of drug product lots or processes and in some cases, a product recall may be warranted or required, which would materially affect our ability to supply and market our product candidates.

Failure to comply with applicable regulations could also result in the national regulatory authorities of the EEA countries, FDA or other applicable regulatory authorities taking various actions, including:

- levying fines and other civil penalties;
- imposing consent decrees or injunctions;
- requiring us or our current or future collaborators to suspend or put on hold one or more of our clinical trials;
- suspending, varying or withdrawing regulatory approvals;
- delaying or refusing to approve pending applications or supplements to approved applications;
- requiring us or our current or future collaborators or our third-party manufacturers to suspend manufacturing activities or product sales, imports or exports;
- requiring us or our current or future collaborators to communicate with physicians and other customers about concerns related to actual or potential safety, efficacy, and other issues involving our products;
- mandating product recalls or seizing products;
- imposing operating restrictions; and
- seeking criminal prosecutions.

Any of the foregoing actions could be detrimental to our reputation, business, financial condition or operating results. Furthermore, our key suppliers may not continue to be in compliance with all applicable regulatory requirements, which could result in our failure or that of our current or future collaborators to produce our products on a timely basis and in the required quantities, if at all. In addition, before any additional products would be considered for marketing approval in the United States, EEA or elsewhere, our suppliers will have to pass an audit by the applicable regulatory authorities. We are dependent on our suppliers' cooperation and ability to pass such audits, and the audits and any audit remediation may be costly. Failure to pass such audits by us or any of our suppliers would affect our ability or that of our current or future collaborators to commercialize our product candidates in the United States, Europe or elsewhere.

The deployment of an LDT powered by NIS4® or its variations depends on the ability of the central laboratories of our partner Labcorp that conduct the diagnostic test to retain its CLIA certification or other regulatory authorizations or operating licenses, which certification sets quality standards that must be followed in laboratory testing in order to ensure accuracy, reliability and speed of test results for the patients wherever the testing is conducted. We do not plan on manufacturing the test kits that we would market and that will be associated with an IVD powered by NIS4® or its variations if it were to be approved or CE marked on the market of routine care; and the manufacturing sites of the contractor that we or our potential collaborators may choose for their production would also be subject to significant authorizations, inspections and regulations.

#### **Risks Related to Our Operations**

***Starting in mid-2020 and into 2021, we embarked on a significant strategic reorientation which resulted in significant changes to our organization and workforce. As a result, we may encounter difficulties in managing development of our product candidate pipeline, which could disrupt our operations.***

In mid-2020 we terminated our development program of elafibranor in MASH and redefined our strategic priorities with respect to our product candidate pipeline. As a result, we implemented a multi-year cost reduction program and workforce reduction program that had a significant impact on our organization, infrastructure and operations. In 2021, given that our access to market financing was limited, we chose to enter into licensing and collaboration agreements to support the development and commercialization of certain of our product candidates, and elafibranor in particular, as well as the in-licensing of a product candidate developed by a third party, for which we need to develop our expertise.

In particular, this strategy of acquiring new product candidates developed by third-parties was realized in September 2022 with the acquisition of Versantis AG and its programs, and the in-licensing of drug candidates from Genoscience, Seal Rock Therapeutics and Celloram in 2021 and 2023, respectively. We may undertake a similar type of transaction or additional in-licensing projects in the future. In the context of these significant changes in our organization, the focus of our resources on managing the success of these partnerships and new programs could result in weaknesses in our infrastructure (including our internal control over financial reporting), give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among employees. In particular, running so many programs simultaneously could lead to a work overload and an inappropriate dispersion of our resources, and negatively impact their development. This overload could, conversely, force us to make choices that might not prove to be advantageous. These changes in our organization may lead to significant costs and may divert financial resources from other projects, such as the development of our other product candidates. If our management is unable to effectively manage these changes efficiently, our expenses may increase more than expected, our ability to generate or increase our revenue could be impacted and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize our other product candidates, if approved, and compete effectively will depend, in part, on our ability to effectively manage the changes related to the significant strategic reorientation we have undertaken.

***We depend on qualified management personnel and our business could be harmed if we lose key personnel and cannot attract new personnel.***

Our success depends to a significant degree upon the technical and management skills of our co-founders, scientific advisers, senior management team, including, in particular, Pascal Prigent, our chief executive officer, Jean-François Mouney, our chairman, Dean Hum, our chief scientific officer and Pascal Caisey, our chief operating officer. The loss of the services of Messrs. Prigent, Mouney, Hum or Caisey would likely have a material adverse effect on us. Our success also will depend upon our ability to attract and retain additional qualified scientific, management, marketing, technical, and sales executives and personnel, in particular in the new therapeutic areas where we need to build up our experience. We compete for key personnel against numerous companies, including larger, more established companies with significantly greater financial resources than we possess. In addition, there is risk of departures or difficulties in hiring qualified personnel following the announcement of disappointing clinical results or the implementation of a workforce reduction plan. There can be no assurance that we will be successful in attracting or retaining such personnel, and the failure to do so could harm our operations and our growth prospects.

***We may use hazardous chemicals and biological materials in our business. Any claims relating to improper handling, storage or disposal of these materials could be time-consuming and costly.***

Our research and development processes for our product candidates involve the controlled use of hazardous materials, including chemicals and biological materials. We cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. During their work, our researchers come into contact with a number of potentially dangerous substances, including in particular (1) genetically modified organisms, or GMO, the safety of which is overseen in France by the Ministry in charge of Research with the assistance of High Council for Biotechnologies (or the Haut Conseil des Biotechnologies), (2) animals used for experimentation, the authorization of which is overseen by the local Préfet with the assistance of the local Department for the Protection of People, or DDPP (for Direction départementale de la protection des populations) and (3) human samples. This research is subject to application for authorization from the competent authorities, in particular the National Drug and Health Product Authority, or ANSM (for Autorité Nationale de Sécurité du Médicament et des produits de santé) to assess the usefulness of the research, ensure that patients have been properly informed, and assess the management of information obtained from the sampling.

We may be subject to fines or sued for any injury or contamination resulting from our use or the use by third parties of these materials, and our liability may exceed any insurance coverage and our total assets, and we may also suffer reputational harm. European, French and U.S. federal, state, local or foreign laws and regulations govern the use, manufacture, storage, handling and disposal of these hazardous materials and specified waste products, as well as the discharge of pollutants into the environment and human health and safety matters. Compliance with health, safety and/or environmental laws and regulations may be expensive and may impair our research and development efforts. If we fail to comply with these requirements, we could incur substantial costs, including civil or criminal fines and penalties, clean-up costs or capital expenditures for control equipment or operational changes necessary to achieve and maintain compliance. Furthermore, we could face the rejection, suspension or withdrawal of regulatory approval for our drugs candidates or an IVD powered by NIS4® or its variations if they had received market approval. In addition, we cannot predict the impact on our business of new or amended health, safety and/or environmental laws or regulations or any changes in the way existing and future laws and regulations are interpreted and enforced.

***We have recently acquired and may in the future acquire, products or businesses or form new strategic alliances, and despite due diligence and evaluation procedures, we may not realize the benefits of such partnerships or acquisitions.***

As part of our growth strategy, we have sought and intend to seek opportunities to in-license rights to drug candidates in clinical development. This could also include the acquisition of companies or technologies facilitating or enabling us to access to new medicines, new research projects, or new geographical areas, or enabling us to express synergies with our existing operations. If such acquisitions occur in the future, we may not be able to identify appropriate targets or make acquisitions under satisfactory conditions, in particular, satisfactory price conditions. In addition, we may be unable to obtain the financing for these acquisitions on favorable terms, which could require us to finance these acquisitions using our existing cash resources that could have been allocated to other purposes. If we acquire businesses with promising markets or technologies, we may not be able to realize the benefit of acquiring such businesses or the expected synergies if we are unable to successfully integrate them with our existing operations and company culture.

In December 2021, we licensed the exclusive rights from Genoscience Pharma to develop and commercialize the investigational treatment GNS561 in CCA in the United States, Canada and Europe, including the United Kingdom and Switzerland. As CCA is a new therapeutic area for us, and despite our due diligence, or in the event we are unable to collaborate efficiently, we may not be successful in realizing the full potential of the GNS561 program.

We also acquired Versantis AG in September 2022 to strengthen our product candidate pipeline, including the drug candidates VS-01-ACLF, VS-01-HAC and VS-02 that we are developing respectively in ACLF, UCD and OA, and HE. As these three therapeutic areas are relatively or totally new to us, despite our due diligence and our evaluation of the potential of these programs, we may be unsuccessful in integrating the company or realizing the full potential of these programs and potential synergies. The anticipated benefits and synergies of this acquisition are based on projections and assumptions, not actual experience, and assume a successful integration.

Finally, in May 2023, we announced that we had entered into a licensing agreement with Seal Rock Therapeutics for exclusive worldwide rights to the ASK1 inhibitor SRT-015, with a view to developing an injectable formulation for use in acute liver disease and ACLF in particular; and in July 2023, we entered into a licensing agreement with Celloram for the worldwide rights to the inflammasome inhibitor CLM-022, to develop and exploit it in liver diseases and ACLF in particular; in return, both companies are eligible for potential clinical, regulatory and commercial development milestone payments, as well as royalties if the products are commercialized. As ACLF is a new therapeutic area for us, it is possible that despite the due diligence and evaluation procedures carried out, or in the event of less-than-efficient collaboration with these two companies, we may not be able to realize the full potential of these two programs.

***Our internal information technology systems and those of our current or future collaborators or those of our third-party supplies, contractors or consultants, may fail or suffer security breaches, any of which could result in a material disruption of our product development and commercialization programs.***

Despite the implementation of security measures, our internal information technology systems and those of our current or future collaborators, or third-party contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information, including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our company or vendors that provide information systems, networks or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity and cyberattacks, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Any of these developments could result in a disruption of our operations, damage to our reputation and our credibility or a loss of revenues. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events. For example, the loss of clinical trial data for our product candidates could result in delays in our regulatory approval efforts or those of our current or collaborators and significantly increase our costs because we could be required to repair or replace information systems or networks and recover or reproduce the lost data.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our company and our vendors, including personal information of our employees and patients, and company and vendor confidential data, as could information stored in the networks or systems of our current or future collaborators. In addition, outside parties may attempt to penetrate our systems, those of our current or future collaborators or those of our vendors or fraudulently induce our personnel or the personnel of our current or future collaborators or our vendors to disclose sensitive information in order to gain access to our data and/or systems.

The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with payors and patients, and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems. In addition, there can be no assurance that our internal information technology systems, those of our collaborators or our third-party contractors, or our consultants' efforts to implement adequate security and control measures, will be sufficient to protect us against breakdowns, service disruption, data deterioration or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyberattack, security breach, industrial espionage attacks or insider threat attacks which could result in financial, legal, business or reputational harm.

***The spread of rumors and false information, particularly through social networks, and their inappropriate use, may materially and adversely impact our reputation.***

We use social media to relay our official financial communications and participation in scientific congresses and other events. Unauthorized communications, such as press releases or posts on social media, purported to be issued by us, may contain information that is false or otherwise damaging and could have an adverse impact on the price of our securities. Negative or inaccurate posts or comments about us, our research and development programs, and our directors or officers could seriously damage our reputation. Tools using artificial intelligence have made disinformation easier and less costly to generate and spread, and made such information seemingly more credible.

In addition, our employees and collaborators and other third parties with whom we have business relationships may use social media and mobile technologies inappropriately, for which we may be held liable, or which could lead to breaches of data security, loss of trade secrets or other intellectual property or public disclosure of sensitive information. Such uses of social media and mobile technologies could have a material adverse effect on our reputation, business, financial condition and results of operations.

#### **Risks Related to Intellectual Property**

***If we are unable to obtain and maintain sufficient patent protection for our product candidates, or if the scope of the patent protection is not sufficiently broad, our competitors could develop and commercialize products similar or identical to ours, and our ability or that of a potential future partner to commercialize our product candidates successfully may be adversely affected.***

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary product candidates. If we do not adequately protect our intellectual property, competitors may be able to erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability. To protect our proprietary position, we file patent applications in the United States and abroad related to our novel product candidates that are important to our business. The patent application and approval process is expensive and time-consuming. We may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

- we may not have been the first to make the inventions covered by pending patent applications or issued patents;
- we may not have been the first to file patent applications for our product candidates or the compositions we developed or for their uses;
- others may independently develop identical, similar or alternative products or compositions and uses thereof;
- our disclosures in patent applications may not be sufficient to meet the statutory requirements for patentability;
- any or all of our pending patent applications may not result in issued patents;
- we may not seek or obtain patent protection in countries that may eventually provide us a significant business opportunity;
- any patents issued to us may not provide a basis for commercially viable products, may not provide any competitive advantages, or may be successfully challenged by third parties;
- our compositions and methods may not be patentable;
- others may design around our patent claims to produce competitive products which fall outside of the scope of our patents; or
- others may identify prior art or other bases which could invalidate our patents.

Our pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until patent issues. Because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, our patents or pending patent applications may be challenged in the courts or patent offices in the United States and abroad.

Obtaining and maintaining a patent portfolio entails significant expense and resources. Part of the expense includes periodic maintenance fees, renewal fees, various other official fees on patents and/or applications due in several stages over the lifetime of patents and/or applications, as well as the cost associated with complying with numerous procedural provisions during the patent application examination proceedings. We may not choose to pursue or maintain protection for particular inventions. In addition, there are situations in which failure to make certain payments or noncompliance with certain requirements in the patent process can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If we choose to forgo patent protection or allow a patent application or patent to lapse purposefully or inadvertently, our competitive position or that of our current or future collaborators could suffer.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. Our competitors may also seek approval to market their own products similar to or otherwise competitive with our products. Alternatively, our competitors may seek to market generic versions of any approved products by submitting Abbreviated New Drug Applications, or ANDAs, to the FDA, in which they claim that patents owned or licensed by us are invalid, unenforceable or not infringed. In these circumstances, we may need to defend or assert our patents, or both, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or other agency with jurisdiction may find our patents invalid or unenforceable, or that our competitors are competing in a non-infringing manner. Thus, even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives or those of our current or future collaborators. In addition, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized.

***We may become involved in lawsuits to protect or enforce our patents or other intellectual property, and issued patents covering our product candidates could be found invalid or unenforceable if challenged in court. An unfavorable outcome could harm our business.***

If we initiate legal proceedings against a third party to enforce a patent covering one of our product candidates or technologies, the defendant could counterclaim that the patent covering one of our product candidates or technologies is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and unenforceability of an asserted patent or patents are common. Grounds for a validity challenge include alleged failures to meet any of several statutory requirements, including lack of novelty, obviousness, insufficient written description or non-enablement. Grounds for unenforceability assertions include allegations that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review or PGR and/or inter partes review and equivalent proceedings in foreign jurisdictions, such as opposition proceedings. Such proceedings could result in revocation or amendment of our patents in such a way that they no longer cover our product candidates or competitive products. Similarly, we may initiate proceedings before the Patent Trial and Appeal Board, or PTAB, of the USPTO, such as PGR, derivation, or inter partes review, against patents granted to third parties. This may delay us from obtaining issued patents with similar claims in the United States and may prompt additional proceedings in the USPTO against such patent or against other third party applications or patents or may consider the need or benefit of entering into a license agreement with such third party or parties in order to exploit such patent alone or together with such other third party or parties. In the event that we do not prevail or the settlement terms with the adverse party are unfavorable, or we are unable to reach an agreement on terms sufficiently favorable to us, our ability to market our product candidates may be affected or delayed. The outcome following legal assertions of invalidity and unenforceability in the PTAB or the federal courts is unpredictable. With respect to validity, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates.

Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, in particular, in the United States, there is a risk that some of our confidential information could be compromised by disclosure during litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our ADSs or ordinary shares. Moreover, there can be no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims in the federal courts, which typically last for years before they are concluded. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

***Developments in patent law in the United States and in other jurisdictions could have a negative impact on our business.***

From time to time, the U.S. Supreme Court, other federal courts, the U.S. Congress, the USPTO or similar foreign authorities may change the standards of patentability and any such changes could have a negative impact on our business. In addition, the Leahy-Smith America Invents Act, or the America Invents Act, which was signed into law in 2011, includes a number of significant changes to U.S. patent law. These changes include a transition from a “first-to-invent” system to a “first-to-file” system, changes to the way issued patents are challenged, and changes to the way patent applications are disputed during the examination process. In certain areas, these changes may favor larger and more established companies that have greater resources to devote to patent application filing and prosecution. The USPTO has developed new regulations and procedures to govern the full implementation of the America Invents Act, and many of the substantive changes to patent law associated with the America Invents Act, and, in particular, the first-to-file provisions, became effective on March 16, 2013. Substantive changes to patent law associated with the America Invents Act, or any subsequent U.S. legislation regarding patents, may affect our ability to obtain patents, and if obtained, to enforce or defend them.

Furthermore, recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances for diagnostic method claims and gene patents.

In view of these and other U.S. federal appellate cases, we cannot guarantee that our efforts to seek patent protection for our tools and biomarkers will be successful.

In May 2023, the European Commission proposed the creation of a unitary Supplementary Protection Certificate (SPC), valid in all EU countries. If this project is accepted in the future, it would enable third parties to bring a single legal action to try and obtain a decision invalidating the SPC valid in all member countries. The European Commission has also proposed a revision of pharmaceutical legislation to reduce the duration of regulatory data protection and market exclusivity for orphan drugs. If these proposals are accepted, they could reduce the duration of regulatory protection for our products.

***If we do not obtain protection under the Hatch-Waxman Amendments and similar non-U.S. legislation for extending the term of patents covering each of our product candidates, our business may be materially harmed.***

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. We expect to seek extensions of patent terms for certain patents in the United States and, if available, in other countries where we are prosecuting patents and seeking approval of various products. Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments; similarly, selected patents outside the U.S., may be eligible for supplementary protection certificate, or SPC, under corresponding legislation in the EEA and several other countries.

Depending upon the circumstances, the Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than what we request, the period during which we can enforce our patent rights for that product will be shortened. If this occurs, our competitors may be able to take advantage of our investment in development and clinical trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

***If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.***

In addition to patent protection, because we operate in the highly technical field of development of therapies, we rely in part on trade secret protection in order to protect our proprietary technology and processes. However, trade secrets are difficult to protect. We have entered into confidentiality and intellectual property assignment agreements with our employees, consultants, outside scientific collaborators, sponsored researchers, and other advisors. These agreements generally require that the other party keeps confidential and does not disclose to third parties all confidential information developed by the party or made known to the party by us during the course of the party’s relationship with us. These agreements also generally provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, these agreements may not be honored and may not effectively assign intellectual property rights to us.

In addition to contractual measures, we try to protect the confidential nature of our proprietary information using physical and technological security measures. Such measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for our proprietary information.

For example, in 2021 we filed a complaint in the U.S. District Court for the Northern District of California against CymaBay Therapeutics, Inc. (“CymaBay”). The suit alleged that CymaBay misappropriated our ELATIVE® Phase 3 clinical trial Protocol synopsis for our drug candidate elafibranor in PBC (the “Protocol synopsis”). In February 2023, we reached a settlement agreement. The settlement agreement, which is confidential, reflects that CymaBay improperly received, reviewed and circulated our Protocol synopsis upon receipt, but also that CymaBay is not using any of our trade secrets in its clinical trials. CymaBay has not admitted legal liability and we and CymaBay have agreed to resolve the litigation completely.

This example shows that the remedies we would then pursue against this type of misconduct may not be sufficient to fully protect our interests, or those of our current partners, or those of potential future partners

Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, and no such claims against us are currently pending, we may be subject to claims that we or our employees, consultants or independent contractors have used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third parties. Either we or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of prior affiliations.

Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. Trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, our competitive position could be harmed.

***We will not seek to protect our intellectual property rights in all jurisdictions throughout the world and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.***

Filing, prosecuting and defending patents on our product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States and Europe could be less extensive than those in the United States and Europe, assuming that patent rights are obtained in the United States. Competitors may use our technologies in jurisdictions where we do not pursue and obtain patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States and Europe. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Even if we pursue and obtain issued patents in particular jurisdictions, our patent claims or other intellectual property rights may not be effective or sufficient to prevent third parties from so competing.

In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the federal and state laws in the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly in developing countries, do not favor the enforcement of patents and other intellectual property rights, especially those relating to biopharmaceuticals or biotechnologies. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties for certain products. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

***Third parties may assert ownership or commercial rights to inventions we develop.***

Third parties may in the future make claims challenging the inventorship or ownership of our intellectual property. We have written agreements with collaborators that provide for the ownership of intellectual property arising from our collaborations. These agreements provide that we must negotiate certain commercial rights with collaborators with respect to joint inventions or inventions made by our collaborators that arise from the results of the collaboration. In some instances, there may not be adequate written provisions to clearly address the resolution of intellectual property rights that may arise from collaboration. If we cannot successfully negotiate sufficient ownership and commercial rights to the inventions that result from our use of a third-party collaborator's materials where required, or if disputes otherwise arise with respect to the intellectual property developed with the use of a collaborator's samples, we may be limited in our ability to capitalize on the market potential of these inventions. In addition, we may face claims by third parties that our agreements with employees, contractors, or consultants obligating them to assign intellectual property to us are ineffective, or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and interfere with our ability to capture the commercial value of such inventions. Litigation may be necessary to resolve an ownership dispute, and if we are not successful, we may be precluded from using certain intellectual property, or may lose our exclusive rights in that intellectual property. Either outcome could have an adverse impact on our business.



***A dispute concerning the infringement or misappropriation of the proprietary rights of others could be time-consuming and costly, and an unfavorable outcome could harm our business.***

There is significant litigation in the biopharmaceutical industry regarding patent and other intellectual property rights. We may be exposed to future litigation by third parties based on claims that our product candidates, technologies or activities infringe the intellectual property rights of others. If our development activities are found to infringe any such patents, we may have to pay significant damages or seek licenses to such patents. A patentee could prevent us from using the patented drugs or compositions. We may need to resort to litigation to enforce a patent issued to us, to protect our trade secrets, or to determine the scope and validity of third-party proprietary rights.

From time to time, we may hire scientific personnel or consultants formerly employed by other companies involved in one or more areas similar to the activities conducted by us.

If we become involved in litigation, it could consume a substantial portion of our managerial and financial resources, regardless of whether we win or lose. We may not be able to afford the costs of litigation. Any adverse ruling or perception of an adverse ruling in defending ourselves against these claims could have a negative impact on our cash position. Any legal action against us or our collaborators could lead to:

- payment of damages, potentially treble damages, if we are found to have willfully infringed a party's patent rights;
- injunctive or other equitable relief that may effectively block our ability to further develop, commercialize, and sell products; or
- us having to enter into license arrangements that may not be available on commercially acceptable terms, if at all.

Any of these outcomes could hurt our cash position and financial condition and our ability to develop and commercialize our product candidates.

Moreover, our commercial success depends, in part, on our ability to develop, manufacture, market and sell our product candidates and use our technologies without infringing the intellectual property and other proprietary rights of third parties. If any third-party patents or patent applications are found to cover our product candidates or their methods of use, we may not be free to manufacture or market our product candidates as planned without obtaining a license, which may not be available on commercially reasonable terms, or at all.

***If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest.***

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we will need to build name recognition by potential collaborators or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively.

#### **Risks Related to Legal and Other Compliance Matters**

***We are subject to transparency, ethics and healthcare laws and regulations that may require substantial compliance efforts and could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties.***

Healthcare providers and others in the healthcare and pharmaceutical sector will play a primary role in the clinical development and potential regulatory approval or certification of our product candidates and their recommendation and prescription, if approved or CE marked. Our arrangements with them and third party payors as well as our activities expose us to broadly applicable federal and state healthcare laws, which may restrict these arrangements and relations through which we research and develop our products, and if approved or CE marked, we or our current or future collaborators will market and distribute them. These laws may thus impact, among other things, our research, development, proposed sales, marketing and education programs of our product candidates that obtain marketing approval. Restrictions under applicable U.S. federal, state and non-U.S. healthcare laws and regulations include, but are not limited to, fraud and abuse laws, including the federal anti-kickback and false claims laws; healthcare data privacy and security laws, such as the U.S. federal Health Insurance Portability and Accountability Act of 1996, or HIPAA; and transparency laws related to payments and/or other transfers of value made to physicians and other healthcare professionals and teaching hospitals, including the federal Physician Payments Sunshine Act. Many states have similar laws that may differ from each other and federal law in significant ways, thus complicating compliance efforts. For example, states have anti-kickback and false claims laws that may be broader in scope than analogous federal laws and may apply regardless of payor. In addition, state data privacy laws that protect the security of health information may differ from each other and may not be preempted by federal law. Moreover, several states have enacted legislation requiring pharmaceutical manufacturers to, among other things, establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales and marketing activities, report information related to drug pricing, require the registration of sales representatives, and prohibit certain other sales and marketing practices.



Outside the United States, interactions between pharmaceutical companies and health care professionals are also governed by strict laws, such as national anti-bribery laws of European countries, national sunshine rules, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct. These laws may include the French "Bertrand Law", French Ordinance n° 2017-49 of January 19, 2017 and Decree No. 2020-730 of June 15, 2020 relating to benefits offered by persons manufacturing or marketing health products or services, and the UK's Bribery Act 2010, which may apply to items or services reimbursed by any third-party payor, including commercial insurers, state marketing and/or transparency laws applicable to manufacturers or any company providing services related to their products that may be broader in scope than the federal requirements. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

Ensuring that our business arrangements with third parties comply with applicable healthcare laws and regulations will likely be costly. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations were found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, possible exclusion from government funded healthcare programs, such as Medicare and Medicaid or comparable foreign programs, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could substantially disrupt our operations. If the physicians or other providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs and their professional orders. Although an effective compliance program can mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminated. Moreover, achieving and sustaining compliance with applicable federal and state privacy, security, and fraud laws, and foreign equivalents, may prove costly. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

***We are subject to laws and regulations related to data privacy, both in the United States and the European Union whose breach might have a significant negative impact on our activities.***

We, and our service providers, receive, process, store and use personal information and other data about our clinical trial participants, employees, partners and others. We, and our service providers, must comply with numerous foreign and domestic laws and regulations regarding privacy and the storing, sharing, use, processing, disclosure, security, and protection of personal information and other data, such as information that we collect about patients and healthcare providers in connection with clinical trials in the EEA, the United States and elsewhere. Third parties (principally CROs during clinical trials) manage on our behalf a significant part of the personal data we may use.

For example, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its respective implementing regulations imposes certain requirements on covered entities relating to the privacy, security, and transmission of certain individually identifiable health information, known as protected health information. Among other things, HITECH, through its implementing regulations, makes HIPAA's security standards and certain privacy standards directly applicable to covered subcontractors and business associates, HITECH also strengthened the civil and criminal penalties that may be imposed against covered entities, business associates, and individuals, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions. In addition, other federal and state laws may govern the privacy and security of health and other information in certain circumstances, many of which differ from each other in significant ways and may not be preempted by HIPAA, thus complicating compliance efforts.

In May 2018 the European Union General Data Protection Regulation (EU) 2016/679, or GDPR, went into effect in the EEA. The GDPR imposes stringent data protection requirements for processing the information of individuals in the EEA. The GDPR increases our obligations with respect to clinical trials conducted in the EEA by expressly expanding the definition of personal data to include "pseudonymized" or key-coded data and requiring changes to informed consent practices and more detailed notices for clinical trial subjects and investigators.

The GDPR also provides for more robust regulatory enforcement and greater penalties for noncompliance than previous data protection laws, including fines of up to €20 million or 4% of global annual revenue of any noncompliant company for the preceding financial year, whichever is higher. In addition to administrative fines, a wide variety of other potential enforcement powers are available to competent supervisory authorities in respect of potential and suspected violations of the GDPR, including extensive audit and inspection rights, and powers to order temporary or permanent bans on all or some processing of personal data carried out by non-compliant actors. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR.

European Union data protection laws, including the GDPR, generally restrict the transfer of personal data from the EEA to the United States and most other countries unless the parties to the transfer have implemented specific safeguards to protect the transferred personal data. The current mechanisms that may be used to transfer personal data from the EEA to the United States in compliance with law are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States.

If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the GDPR's cross-border data transfer limitations.

The GDPR provides that EEA countries may make their own further laws and regulations to introduce specific requirements related to the processing of "special categories of personal data," including personal data related to health. In addition, in France, the conduct of clinical trials is subject to compliance with specific provisions, which may include the filing of compliance undertakings with "reference methodologies" (such as the MR-001) adopted by the French data protection authority. This fact could expose us to multiple parallel regimes or may lead to, greater divergence on the law that applies to the processing of such data types across the EEA and/or United Kingdom, compliance with which, as and where applicable, may increase our costs and could increase our overall compliance risk. Such country-specific regulations could also limit our ability to collect, use and share data and/or could cause our compliance costs to increase, ultimately having an adverse impact on our business, and harming our business and financial condition.

Additionally, other countries outside of the EEA, including Switzerland, the UK and China, have enacted or are considering enacting similar cross-border data transfer restrictions and laws requiring local data residency, which could increase the cost and complexity of delivering our services and operating our business.

New and proposed laws, regulations, policies, codes of conduct, industry standards and legal obligations concerning privacy, data protection and information security, may arise, continue to evolve, be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and conflict with one another. Moreover, we cannot yet determine the impact that they will have on our business.

Any failure or perceived failure by us or third parties working on our behalf to adequately comply with applicable laws and regulations, any privacy and data security obligations pursuant to contract or pursuant to our stated privacy or security policies or obligations to third parties may result in governmental enforcement actions (including fines, penalties, judgments, settlements, imprisonment of company officials and public censure), civil claims, litigation, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, operations and financial performance. With substantial uncertainty over the interpretation and application of these laws, regulations and other obligations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in our efforts to do so.

We cannot assure that our CROs or other third-party service providers with access to our or our suppliers', manufacturers', trial participants' and employees' sensitive data in relation to which we are responsible will not experience data security incidents, which could have a corresponding adverse effect on our business, financial condition, results of operations and prospects, including putting us in breach of our obligations under privacy laws and regulations. Any actual or perceived failure by us to comply with federal, state or foreign laws, rules or regulations, industry standards, contractual or other legal obligations, or any actual, perceived or suspected cybersecurity incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personal data, may result in enforcement actions and prosecutions, private litigation, significant fines, penalties and censure, claims for damages by customers and other affected individuals, regulatory inquiries and investigations or adverse publicity and could cause our customers to lose trust in us, any of which could adversely affect our business, financial condition, results of operations and prospects.

***Our employees may engage in misconduct or other improper activities, including violating applicable regulatory standards and requirements or engaging in insider trading, which could significantly harm our business.***

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with legal requirements or the requirements of FDA, EMA and other government regulators, provide accurate information to applicable government authorities, comply with fraud and abuse and other healthcare laws and regulations in the United States and abroad, report financial information or scientific and medical data accurately or disclose unauthorized activities to us.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the falsification or improper use of, including trading on, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We strive to maintain an ethical corporate culture and have adopted a Code of Business Conduct and Ethics and have a training program in place, but it is not always possible to identify and deter employee misconduct, and the precautions we take to train employees and detect and prevent this activity may be ineffective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

***Product liability and other lawsuits could divert our resources, result in substantial liabilities, reduce the commercial potential of our product candidates and harm our reputation.***

The risk that we may be sued on product liability claims is inherent in the development and commercialization of biopharmaceutical and diagnostic products that are intended to be tested and evaluated on humans in an initial phase, then commercialized. Side effects of, or manufacturing defects in, products that we develop could result in the deterioration of a patient's condition, injury or even death. This risk is particularly important where patients suffer from life-threatening illnesses, such as ACLF. For example, our liability or that of our current or future collaborators could be sought after by patients participating in the clinical trials in the context of the development of the therapeutic or diagnostic products tested and unexpected side effects resulting from the administration of these products.

Once a product is approved for sale and commercialized, the likelihood of product liability lawsuits increases. Criminal or civil proceedings might be filed against us by patients, regulatory authorities, biopharmaceutical companies and any other third party using or marketing our products. These actions could include claims resulting from acts by our collaborators, licensees, service providers and subcontractors, over which we have little or no control. These lawsuits may divert our management from pursuing our business strategy and may be costly to defend. In addition, if we are held liable in any of these lawsuits, we may incur substantial liabilities and may be forced to limit or forgo further commercialization of the affected products, which may harm our reputation. Patients may not follow warnings identifying potential known side effects, including some patients who should not be using our drug candidates.

A successful liability claim against our products may lower the value of our stock, Product liability claims could also harm our reputation, which may adversely affect our ability to commercialize our products successfully.

#### **Risks Related to our Financial Position and Capital Needs**

***Currently, we have no products approved for commercial sale, and to date we have not generated any significant recurring revenue from product sales. As a result, our ability to sustainably reduce our losses, reach lasting profitability, as a result of such types of revenue, and maintain our shareholders equity on our own is unproven, and we may never achieve or sustain profitability.***

We recorded a net loss of €28,894 thousand for the year ended December 31, 2023 and €23,719 thousand for the year ended December 31, 2022. Other than the year ended December 31, 2021, we have a history of recorded losses during prior years.

We have never generated any profits from the sale of approved products and we do not expect to become profitable from such sales in the foreseeable future. Although the collaboration and license agreement entered into with Ipsen in 2021 includes the prospect of receiving milestones and royalties in the event of, among other things, the marketing of elafibranor in PBC and future commercial success, there is no assurance that this will occur on the timelines we expect or ever.

In recent years, our most significant revenue has resulted from one-time upfront payments received in 2019 under our license agreement with Terns Pharmaceuticals and in 2021 and 2023 under our license agreement and our transition service agreements with Ipsen. To these are added, to a lesser extent, the reimbursements of our research tax credit or CIR, which alone have the character of significant recurring operating income, although our ability to continue to benefit from the CIR depends on our ability to continue to meet the criteria and decisions of French policy makers with respect to the scope or rate of the CIR benefit (see [Note 11 - "Income Tax"](#) to the financial statements for the year ended December 31, 2023).

Revenues from our agreements with Labcorp/Covance and Q2 for the use of our NIS4® diagnostic technology and its improvements have so far been insignificant. Their eventual growth will depend on many external factors, including the market availability and commercialization of a treatment for MASH. However, these revenues will never be of the same order as those that could result from the eventual commercialization of our drug candidates, and will never enable us to be profitable on their own.

Historically, we have also received funding from co-research alliances with other pharmaceutical companies, although we do not currently have any such alliances in place.

At the same time, we plan to continue to incur significant expenses for the development of some of our existing product candidates and new product candidates for which we acquire licensing rights, or preparation of the marketing of such products. We have devoted almost all of our resources to our research and development projects related to our drug candidates, and to a lesser proportion to our NIS4® program and to providing general and administrative support for our operations, protecting our intellectual property and engaging in activities to prepare for the potential commercialization of our drug candidates and an IVD powered by NIS4® or its variations. In addition, during the regulatory development process for some of our drug candidates and for IVD tests using our NIS4® technology or its variations, our operating costs may increase, particularly if the FDA, EMA or EC requires studies or preclinical studies or clinical trials additional to those already planned, or, if a delay occurs in the realization of our preclinical studies or clinical trials or, more generally, in the development of one of our products.

As a result, we expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue our development of, and seek regulatory approvals with our current or future partners, as the case may be, for elafibranor in PBC and an IVD powered by NIS4® or its variations.

One of the potential consequences of such losses, and which we experienced at December 31, 2020, is the inability to maintain the amount of our equity at a level at least half of our share capital. As a result, and in accordance with Article L.225-248 of the French Commercial Code, we were required to submit to our June 30, 2021 general meeting a resolution to decide to continue our activities. This resolution was approved by our shareholders in June 2021, and we were able to reconstitute positive shareholders' equity at least equal to half of the share capital at June 30, 2021 and further reinforce our share capital at December 31, 2021 due to the agreement signed with Ipsen and their equity investment in December 2021, and therefore a third party is no longer able to sue to dissolve the company on these grounds. However, we could still face this situation again in the future depending on the development of our product candidates, in particular if elafibranor does not receive regulatory approval in PBC, and we are unable to realize expected revenues from the potential success of elafibranor in PBC.

***Our ability to be profitable in the future will depend on our ability and that of our current or future collaborators to obtain marketing approval for and commercialize our product candidates, particularly our lead product candidate, elafibranor.***

Our ability to be profitable in the future will depend on our ability and that of our current or future collaborators to obtain marketing approval for and commercialize our product candidates, particularly our lead product candidate, elafibranor. The success of NASHNext® LDT commercialized by Labcorp powered by NIS4® technology, or by Q2, or a future IVD powered by NIS4® or its improvements for clinical care will not on their own enable us to be profitable. We or our partners may not be successful in our or their efforts to obtain such approval and to commercialize the products.

Obtaining marketing approval will require us or our current or future collaborators to be successful in a range of challenging activities, including:

- obtaining positive results in preclinical studies and clinical trials;
- regulatory bodies determining that clinical data are sufficient, without further clinical data, to support an application for approval, whether or not conditional or accelerated;
- obtaining approval to market elafibranor and our other product candidates;
- obtaining additional positive results in our or our partners' formal validation studies required to commercialize a test powered by NIS4® or its improvements for clinical care that would allow an IVD test to be developed and approved for diagnosing MASH patients;
- expanding manufacturing of commercial supply for our licensed product candidates;
- establishing sales, marketing and distribution capabilities to effectively market and sell and our drug candidates;
- market acceptance by patients and the medical community of elafibranor and our other product candidates;
- market acceptance by patients and the medical community of an LDT or IVD powered by NIS4® as a diagnostic complement to liver biopsy for clinical care; and
- negotiating and securing coverage and adequate reimbursement from third-party payors for elafibranor and an LDT or IVD powered by NIS4® or its improvements and our other product candidates.

We may also carry out preparatory activities for the future commercialization of some of our product candidates, in order to gain a better understanding of how doctors treat and diagnose their patients, without deriving any benefit from them, particularly in the absence of subsequent approval. Furthermore, as most of the therapeutic areas for which we are targeting our product candidates are characterized by medical needs that remain largely unsatisfied, there is considerable uncertainty as to the level of adoption of future treatments and diagnostic tools by patients and healthcare professionals, as well as third-party payers.

Even if we or our collaborators receive marketing approvals for our product candidates and commence our commercial launch, we may not be able to generate significant revenues in the near term. We cannot foresee if our product candidates will ever be accepted as a therapies in their designated indications eventually resulting in sustained revenues and it may take the passage of a significant amount of time to generate significant sustained revenues even if our product candidates become accepted as therapies in their designated indications.

MASH is currently an under-diagnosed disease, and we believe that an LDT or IVD powered by NIS4® or its improvements will facilitate the identification of patients with MASH and fibrosis who may be eligible for therapeutic intervention. However, MASH is also a disease with no approved drug therapy. As such, there is significant uncertainty in the degree of market acceptance that future treatments or diagnostic tools will have among MASH patients and their healthcare providers as well as third-party payors. If an IVD powered by NIS4® or its improvements does not obtain marketing authorization or is unable to be commercialized, we, or our collaborators, may not be able to generate sufficient test volume to generate significant revenues. Even if an IVD powered by NIS4® or its improvements were approved, revenues from that IVD alone would not be sufficient alone for us to be profitable.

If elafibranor, NASHNext® or an IVD powered by NIS4® or its improvements or any of our other product candidates fails in preclinical studies or clinical trials or do not gain regulatory approval, or do not achieve market acceptance, we may never become profitable. Our net losses have had, and will continue to have, an adverse effect on our shareholders' equity and working capital. Because of the numerous risks and uncertainties associated with pharmaceutical and diagnostic product development and commercialization, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. The amount of future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenues, including from licensing agreements with current or future partners.

*We will require substantial additional funding to develop and commercialize our drug candidates, if approved, as well as to reinforce our pipeline, which may not be available to us, or to our current or future partners on acceptable terms, or at all, and, if not so available, may require us or them to delay, limit, reduce or cease our operations.*

Our drug candidates are in preclinical or clinical development. Developing pharmaceutical and diagnostic products, including conducting preclinical studies and clinical trials, along with obtaining necessary validation, is expensive.

Subject to obtaining regulatory approval of any of our drug candidates or an IVD powered by NIS4® or its improvements, we or our current or future collaborators expect to incur significant pre-marketing and commercialization expenses for product sales, marketing, manufacturing and distribution. We anticipate incurring significant expenses in connection an increase in our product development, scientific, commercial and administrative personnel and expansion of our facilities and infrastructure in the United States, France and other countries. We also expect to incur additional costs associated with operating as a public company in the United States and further plan on expanding our operations in the United States, Europe and in other territories. We could continue to require substantial additional capital in connection with our continuing operations, in particular to expand our pipeline, and to continue our clinical development and pre-commercialization activities.

We could therefore still have significant needs in terms of additional funds to pursue our activities, particularly if the revenues we expect to receive under and pursuant to our licensing-out agreements are lower than expected, or if we no longer receive any, and/or if we further strengthen our current portfolio of product candidates and programs, and consequently our preclinical and clinical development activities and, where applicable, pre-commercialization and commercialization.

In addition, access, in particular under acceptable conditions, to necessary financing is subject to contextual factors affecting the financial markets, investors and potential lenders including certain unfavorable geopolitical circumstances impact by the conflict between Russia and Ukraine, which are deteriorating and could further deteriorate such access and conditions. In addition, our convertible bond contract initially issued on October 16, 2017 contains customary restrictive covenants, some of which limit, but generally do not exclude, the creation of new guarantees on our assets and the incurring of additional indebtedness.

Because successful development of our drug candidates and diagnostic program is uncertain, we are unable to estimate the actual funds required to complete the research and development and commercialization of our products under development.

*Our stock price may never reach a price at which certain bondholders will deem conversion economically viable, in which case we would need to repay the nominal amount at maturity in October 2025. The terms of our convertible bonds require us to meet certain operating covenants, and if we fail to comply with those covenants the bondholders would be able to accelerate our repayment obligations. The conversion of some or all of our bonds into ordinary shares would dilute the ownership interests of existing shareholders.*

On January 29, 2021, we amended the terms and conditions of our convertible bonds initially issued in October 2017, mainly to extend the maturity by an additional three years, from October 16, 2022 to October 16, 2025, and increase the conversion ratio from one (1) share per bond to 5.5 shares for one bond, i.e., an implicit conversion price of €5.38 per share instead of €29.60. In addition, we carried out a partial repurchase of 2,895,260 convertible bonds, representing 48% of the outstanding bonds, resulting in €94.3 million nominal amount of bonds remaining outstanding on January 29, 2021 (compared to €180 million nominal amount initially). Following the closing of the transaction, we received conversion requests covering 1,262,159 convertible bonds. As of the date of this annual report, 1,923,662 convertible bonds are outstanding, representing a nominal amount of €56,940 thousand (versus €180,000 thousand initially). We cannot guarantee that additional conversion will take place, or that only part of the remaining bonds will be converted, before the maturity of this loan. As of the date of this Annual Report, our stock price remains below €5.38, which is the theoretical conversion price of the OCEANES. It is possible that if our stock price does not reach a price at which the bondholders will deem conversion economically viable, we will be required to repay the nominal amount at maturity in October 2025.

In addition, in 2021 we contracted three bank loans, for a total nominal amount of €15,250 thousand, including two loans guaranteed up to 90% by the French State (PGE) subscribed respectively in June and July 2021 (initial maturities of one year with options to stagger repayments up to six years), supplemented by a subsidized loan taken out in November 2021 (repayable in six years).

Our ability to repay these loans at maturity, and in particular our convertible bond due October 2025, depends in part on our future performance, which is subject to the success of our research and development programs, the ability of our partners and future partners to successfully commercialize our products, and future operations, as well as on economic, financial and competitive factors that are beyond our control. In addition, we may be required to incur additional debt in the future to meet our additional financing needs. Even if we are permitted by the terms and conditions of the convertible bonds, or our other bank loans, to incur additional debt or to take other measures with regard to incurring new debt, the terms of these loan could reduce our ability to repay new debts at maturity.

The agreement governing the bonds contains customary negative covenants and events of default. The negative covenants include restrictions on creating other liens on our assets, incurring certain additional indebtedness and engaging in certain mergers or acquisitions. If we default under the agreement governing the bonds, the bondholders may accelerate all of our repayment obligations, which would significantly harm our business and prospects and could cause the price of our ordinary shares to decline.

Finally, the conversion of some or all of our currently outstanding convertible bonds into ordinary shares would dilute the ownership interests of existing shareholders, including holders of our ADSs. Any sales in the public market of the ordinary shares issuable upon such conversion or any anticipated conversion of our convertible bonds into ordinary shares could adversely affect prevailing market prices of our ordinary shares or ADS and limit our ability to raise funds through capital raises. In addition, since 2016, we have set up several stock option plans, free allocation of free shares and stock warrants, many of which are still outstanding. We may in the future allocate or issue new equity-linked instruments, including convertible bonds or equity-linked compensation, the vesting and/or exercise of which could further dilute the ownership interests of shareholders, including holders of ADSs.

We have carried out a specific review of our liquidity risk and consider that we will be able to meet our maturities for the next 12 months. As of December 31, 2023, we had €77.8 million, in cash and cash equivalents (€136.0 million as of December 31, 2022). In view of these amounts as of December 31, 2023, and in light of the renegotiation of the convertible bonds in January 2021, including the extension of their maturity, we do not consider that we are exposed to a short-term liquidity risk. In particular, we believe that the amount of cash, cash equivalents and other current financial assets and future revenues we may receive from our licensing agreements is sufficient to ensure our financing, in view of its projects and current obligations, over the next twelve months.

***Our failure to maintain certain tax benefits applicable to French biopharmaceutical companies may adversely affect our results of operations.***

As a French biopharmaceutical company, we have benefited from certain tax advantages, including, for example, the French Research Tax Credit, or CIR (Crédit d'Impôt Recherche), which is a French tax credit aimed at stimulating research and development. The CIR can be offset against French corporate income tax due and the portion in excess, if any, may be refunded. The CIR is calculated based on our claimed amount of eligible research and development expenditures in France and was €5.6 million for the year ended December 31, 2023. We believe, due to the nature of our business operations, that we will continue to be eligible to receive the CIR tax credit. However, if the French Parliament decides to eliminate, or to reduce the scope or the rate of, the CIR benefit, either of which it could decide to do at any time, our results of operations could be adversely affected.

***Risks Related to Ownership of Our Ordinary Shares and ADSs and Our Status as a Non-U.S. Company with Foreign Private Issuer Status***

***The market price of our equity securities is particularly volatile and may decline regardless of our operating performance.***

The trading price for our ADSs and ordinary shares has fluctuated, and is likely to continue to fluctuate, substantially. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their ADSs or ordinary shares at or above the price originally paid for the security. The market price for our ADSs and ordinary shares may be influenced by many factors, including:

- announcements of clinical trial results;
- actual or anticipated fluctuations in our financial condition and operating results;
- actual or anticipated changes in our growth rate relative to our competitors;
- competition from existing products or new products that may emerge;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations, or capital commitments;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- issuance of new or updated research or reports by securities analysts;

- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- additions or departures of key management or scientific personnel;
- lawsuits threatened or filed against us, including securities litigation, disputes or other developments related to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- changes to coverage policies or reimbursement levels by commercial third-party payors and government payors and any announcements relating to coverage policies or reimbursement levels;
- announcement or expectation of additional debt or equity financing projects;
- sales of our ordinary shares or ADSs by us, our insiders or our other shareholders; and
- general economic and market conditions.

These and other market and industry factors may cause the market price and demand for our ordinary shares and ADSs to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their ordinary shares or ADSs and may otherwise negatively affect the liquidity of the trading market for our ordinary shares and ADSs.

***The dual listing of our ordinary shares and our ADSs may adversely affect the liquidity and value of our ordinary shares and ADSs.***

Our ADSs are listed on the Nasdaq Global Select Market, and our ordinary shares trade on Euronext Paris. We cannot predict the effect of this dual listing on the value of our ADSs and ordinary shares. However, the dual listing of our ADSs and ordinary shares may dilute the liquidity of these securities in one or both markets and may adversely affect the trading market or price for our ADSs and ordinary shares. In the past, there been less liquidity for our ADSs trading on the Nasdaq Global Select Market as compared to trading for our ordinary shares trading on Euronext Paris.

***We have been the subject of a securities class action litigation and may become subject to additional litigation, which could harm our business and financial condition.***

Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and biopharmaceutical companies have experienced significant share price volatility in recent years. We may have actions brought against us by shareholders relating to past transactions, changes in our stock price or other matters. For example, in May 2020, following our announcement that elafibranor had not achieved the primary or key secondary endpoints of the RESOLVE-IT® trial, a purported shareholder class action complaint was filed in state court in the Commonwealth of Massachusetts, naming us, our board of directors and certain members of our senior management as defendants, alleging that we made materially misleading statements about the development of elafibranor in connection with our U.S. initial public offering in violation of U.S. federal securities laws. In October 2020, the plaintiff voluntarily dismissed the Commonwealth of Massachusetts action, but in December 2020, the same plaintiff filed a purported shareholder class action complaint in state court in the State of New York, alleging claims substantially similar to those in the previous complaint against the same defendants, as well as the underwriters of our U.S. initial public offering. In August 2021, the Supreme Court of the State of New York, New York County, dismissed the complaint with prejudice. The plaintiff appealed, and in December 2022, the Supreme Court, Appellate Division, First Department affirmed the dismissal of the complaint, except that it deleted the phrase “with prejudice” from the Supreme Court’s judgment. The time to appeal the decision of the Appellate Division has expired. Future litigation could give rise to substantial damages, and thereby have a material adverse effect on our financial position, liquidity, or results of operations. Even if such actions are not resolved against us, the uncertainty and expense associated with shareholder actions could harm our business, financial condition and reputation. Litigation can be costly, time-consuming and disruptive to business operations. The defense of lawsuits could also result in diversion of our management’s time and attention away from business operations, which could harm our business.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price of our ordinary shares and ADSs and their trading volume could decline.***

The trading market for our ADSs and ordinary shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If no or few securities or industry analysts cover our company, the trading price for our ADSs and ordinary shares would be negatively impacted. If one or more of the analysts who covers us downgrades our equity securities or publishes incorrect or unfavorable research about our business, the price of our ordinary shares and ADSs would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, or downgrades our securities, demand for our ordinary shares and ADSs could decrease, which could cause the price of our ordinary shares and ADSs or their trading volume to decline.



***We do not currently intend to pay dividends on our securities and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares and ADSs. In addition, French law may limit the amount of dividends we are able to distribute.***

We have never declared or paid any cash dividends on our ordinary shares and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your ordinary shares or ADSs for the foreseeable future and the success of an investment in ordinary shares or ADSs will depend upon any future appreciation in its value. Consequently, investors may need to sell all or part of their holdings of ordinary shares or ADSs after price appreciation, which may never occur, as the only way to realize any future gains on their investment. There is no guarantee that the ordinary shares or ADSs will appreciate in value or even maintain the price at which our shareholders have purchased them. Investors seeking cash dividends should not purchase our ADSs or ordinary shares.

Further, under French law, the determination of whether we have been sufficiently profitable to pay dividends is made on the basis of our statutory financial statements prepared and presented in accordance with accounting standards applicable in France. In addition, payment of dividends may subject us to additional taxes under French law. Therefore, we may be more restricted in our ability to declare dividends than companies not based in France.

In addition, exchange rate fluctuations may affect the amount of euros that we are able to distribute, and the amount in U.S. dollars that our shareholders receive upon the payment of cash dividends or other distributions we declare and pay in euros, if any. These factors could harm the value of our ADSs, and, in turn, the U.S. dollar proceeds that holders receive from the sale of our ADSs.

***Future sales, or the possibility of future sales, of a substantial number of our ADSs or ordinary shares could adversely affect the price of our ADSs and ordinary shares.***

As of April 1, 2024, we had 49,860,983 ordinary shares issued and outstanding. Sales of a substantial number of our ADSs or ordinary shares, or the perception that such sales will occur, could cause a decline in the market price of our securities and could impair our ability to raise capital through the sale of additional equity securities. A substantial number of our ordinary shares and ADSs are now generally freely tradable, subject, in the case of sales by our affiliates, to the volume limitations and other provisions of Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. If holders of these shares sell, or indicate an intent to sell, substantial amounts of our securities in the public market, or if we issue additional shares or securities, the trading price of our securities could decline significantly.

***The rights of shareholders in companies subject to French corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.***

We are a French company with limited liability. Our corporate affairs are governed by our bylaws and by the laws governing companies incorporated in France. The rights of shareholders and the responsibilities of members of our board of directors are in many ways different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. For example, in the performance of its duties, our board of directors is required by French law to consider the interests of our company, its shareholders, its employees and other stakeholders, rather than solely our shareholders and/or creditors. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder or holder of ADSs. See the sections of this annual report titled [Item 6. C – "Directors, Senior Management and Employees – Board Practices"](#) and the documents referenced in ["Item 10. B – "Additional Information–Memorandum and Articles of Association"](#).

***U.S. investors may have difficulty enforcing civil liabilities against our company and directors and senior management and the experts named in this annual report.***

The vast majority of the members of our board of directors and senior management and certain experts named in this annual report are non-residents of the United States, and all or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States. Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Courts outside the United States may refuse to hear a U.S. securities law claim because non-U.S. courts may not be the most appropriate forums in which to bring such a claim. Even if a court outside the United States agrees to hear a claim, it may determine that the law of the jurisdiction in which the non-U.S. court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the non-U.S. court resides. In particular, there is some doubt as to whether French courts would recognize and enforce certain civil liabilities under U.S. securities laws in original actions or judgments of U.S. courts based upon these civil liability provisions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in France. An award for monetary damages under the U.S. securities laws would be considered punitive if it does not seek to compensate the claimant for loss or damage suffered but is intended to punish the defendant. French law provides that a shareholder, or a group of shareholders, may initiate a legal action to seek indemnification from the directors of a corporation in the corporation's interest if it fails to bring such legal action itself. If so, any damages awarded by the court are paid to the corporation and any legal fees relating to such action may be borne by the relevant shareholder or the group of shareholders.



The enforceability of any judgment in France will depend on the particular facts of the case as well as the laws and treaties in effect at the time. The United States and France do not currently have a treaty providing for recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters.

***Our bylaws and French corporate law contain provisions that may delay or discourage a takeover attempt.***

Provisions contained in our bylaws and French corporate law could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. In addition, provisions of our bylaws impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. These provisions include the following:

- under French law, the owner of 90% of voting rights of a public company listed on a regulated market in a Member State of the European Union or in a state party to the European Economic Area, or EEA, Agreement, including from the main French stock exchange, has the right to force out minority shareholders following a tender offer made to all shareholders;
- under French law, certain foreign investments in companies incorporated under French laws are subject to the prior authorization from the French Minister of the Economy, where all or part of the target's business and activity relate to a strategic sector, such as energy, transportation, public health, telecommunications, etc., or constitutes a critical technology, such as biotechnologies;
- a merger (i.e., in a French law context, a share for share exchange following which our company would be dissolved into the acquiring entity and our shareholders would become shareholders of the acquiring entity) of our company into a company incorporated in the European Union would require the approval of our board of directors as well as a two-thirds majority of the votes held by the shareholders present, represented by proxy or voting by mail at the relevant meeting;
- a merger of our company into a company incorporated outside of the European Union would require 100% of our shareholders to approve it;
- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;
- our shareholders have granted and may grant in the future our board of directors broad authorizations to increase our share capital or to issue additional ordinary shares or other securities, such as warrants, to our shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for our shares;
- our shareholders have preferential subscription rights on a pro rata basis on the issuance by us of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general meeting by a two-thirds majority vote of our shareholders or on an individual basis by each shareholder;
- our board of directors has the right to appoint directors to fill a vacancy created by the resignation or death of a director, subject to the approval by the shareholders of such appointment at the next shareholders' meeting, which prevents shareholders from having the sole right to fill vacancies on our board of directors;
- our board of directors can be convened by our chairman, including upon request from our chief executive officer, if any, or, when no board meeting has been held for more than two consecutive months, from directors representing at least one-third of the total number of directors;
- our board of directors meetings can only be regularly held if at least half of the directors attend either physically or by way of videoconference or teleconference enabling the directors' identification and ensuring their effective participation in the board's decisions;
- our shares are registered or bearer, if the legislation so permits, according to the shareholder's choice;
- approval of at least a majority of the votes held by shareholders present, represented by a proxy, or voting by mail at the relevant ordinary shareholders' general meeting is required to remove directors with or without cause;
- advance notice is required for nominations to the board of directors or for proposing matters to be acted upon at a shareholders' meeting, except that a vote to remove and replace a director can be proposed at any shareholders' meeting without notice;
- our bylaws can be changed in accordance with applicable French laws and regulations;
- the crossing of certain thresholds has to be disclosed and can impose certain obligations; see the documents referenced in the section of this annual report titled [Item 10. B - "Additional Information - Memorandum and Articles of Association"](#);
- transfers of shares shall comply with applicable insider trading rules and regulations and, in particular, with the Market Abuse Directive and Regulation dated April 16, 2014; and
- pursuant to French law, the sections of our Bylaws relating to the number of directors and election and removal of a director from office, may only be modified by a resolution adopted by two-thirds of the votes of our shareholders present, represented by a proxy or voting by mail at the meeting.

***You may not be able to exercise your right to vote the ordinary shares underlying your ADSs.***

Holders of ADSs may exercise voting rights with respect to the ordinary shares represented by the ADSs only in accordance with the provisions of the deposit agreement. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, the depositary will fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, if we so request, the depositary shall distribute to the holders as of the record date (1) the notice of the meeting or solicitation of consent or proxy sent by us and (2) a statement as to the manner in which instructions may be given by the holders.

A holder of ADSs may instruct the depositary of the ADSs to vote the ordinary shares underlying his or her ADSs. Otherwise, such holder will not be able to exercise voting rights unless he or she withdraws the ordinary shares underlying the ADSs that he or she holds. However, a holder of ADSs may not know about the meeting far enough in advance to withdraw those ordinary shares. If we ask for a holder of ADSs' instructions, the depositary, upon timely notice from us, will notify him or her of the upcoming vote and arrange to deliver our voting materials to him or her. We cannot guarantee to any holder of ADSs that he or she will receive the voting materials in time to ensure that he or she can instruct the depositary to vote his or her ordinary shares or to withdraw his or her ordinary shares so that he or she can vote them. If the depositary does not receive timely voting instructions from a holder of ADSs, it may give a proxy to a person designated by us to vote the ordinary shares underlying his or her ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that a holder of ADSs may not be able to exercise his or her right to vote, and there may be nothing he or she can do if the ordinary shares underlying his or her ADSs are not voted as he or she requested.

***Holders of ADSs are not holders of our ordinary shares.***

A holder of ADSs is not treated as one of our shareholders and does not have direct shareholder rights. French law governs our shareholder rights. The depositary is the holder of the ordinary shares underlying ADSs. The deposit agreement among us, the depositary and all persons directly and indirectly holding ADSs sets out ADS holder rights, as well as the rights and obligations of the depositary.

A double voting right is attached to each registered share which is held in the name of the same shareholder for at least two years. However, the ordinary shares underlying our ADSs will not be entitled to double voting rights as the depositary will hold the shares underlying our ADSs in bearer form.

***The right as a holder of ADSs to participate in any future preferential subscription rights or to elect to receive dividends in shares may be limited, which may cause dilution to the holdings of ADS holders.***

Under French law, if we issue additional securities for cash, current shareholders will have preferential subscription rights for these securities on a pro rata basis unless they waive those rights at an extraordinary meeting of our shareholders by a two-thirds majority vote or individually by each shareholder. However, ADS holders will not be entitled to exercise or sell such rights unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. In addition, the deposit agreement provides that the depositary will not make rights available to purchasers of ADSs unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. Further, if we offer holders of our ordinary shares the option to receive dividends in either cash or shares, under the deposit agreement the depositary may require satisfactory assurances from us that extending the offer to holders of ADSs does not require registration of any securities under the Securities Act before making the option available to holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our rights offerings or to elect to receive dividends in shares and may experience dilution in their holdings. In addition, if the depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case you will receive no value for these rights.

***Holders of ADSs may be subject to limitations on the withdrawal of the underlying ordinary shares.***

Temporary delays in the cancellation of ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, a holder of ADSs may not be able to cancel his or her ADSs and withdraw the underlying ordinary shares when he or she owes money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

***ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiffs in any such action.***

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and the depositary. If a lawsuit is brought against either or both of us and the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs in any such action.

*As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company. This may limit the information available to holders of ADSs and our ordinary shares.*

We are a foreign private issuer, as defined in the SEC's rules and regulations and, consequently, we are not subject to all of the disclosure requirements applicable to public companies organized within the United States. For example, we are exempt from certain rules under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act. In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we currently make annual and semi-annual filings with respect to our listing on Euronext Paris and have filed, and expect to continue to file, financial reports on an annual and semi-annual basis, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies and are not required to file quarterly reports on Form 10-Q or current reports on Form 8-K under the Exchange Act. Accordingly, there is, and will continue to be, less publicly available information concerning our company than there would be if we were not a foreign private issuer.

*As a foreign private issuer, we are permitted and we expect to follow certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq's corporate governance standards. These practices may afford less protection to ADS holders than they would enjoy if we complied fully with the corporate governance standards of the Nasdaq Global Select Market.*

As a foreign private issuer listed on the Nasdaq Global Select Market, we are subject to Nasdaq's corporate governance standards. However, Nasdaq rules provide that foreign private issuers are permitted to follow home country corporate governance practices in lieu of Nasdaq's corporate governance standards as long as notification is provided to Nasdaq of the intention to take advantage of such exemptions. We have relied, and expect to continue to rely, on exemptions for foreign private issuers and follow French corporate governance practices in lieu of Nasdaq's corporate governance standards, to the extent possible. Certain corporate governance practices in France, which is our home country, may differ significantly from Nasdaq corporate governance standards. For example, as a French company, neither the corporate laws of France nor our bylaws require a majority of our directors to be independent and we can include non-independent directors as members of our compensation committee, and our independent directors are not required to hold regularly scheduled meetings at which only independent directors are present.

We are also exempt from provisions set forth in Nasdaq rules which require an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting stock. Consistent with French law, our bylaws provide that a quorum requires the presence of shareholders having at least (1) 20% of the shares entitled to vote in the case of an ordinary shareholders' general meeting or at an extraordinary shareholders' general meeting where shareholders are voting on a capital increase by capitalization of reserves, profits or share premium, or (2) 25% of the shares entitled to vote in the case of any other extraordinary shareholders' general meeting. If a quorum is not present, the meeting is adjourned. There is no quorum requirement when an ordinary general meeting is reconvened, but the reconvened meeting may consider only questions which were on the agenda of the adjourned meeting. When an extraordinary general meeting is reconvened, the quorum required is 20% of the shares entitled to vote, except where the reconvened meeting is considering capital increases through capitalization of reserves, profits or share premium. For these matters, no quorum is required at the reconvened meeting. If a quorum is not present at a reconvened meeting requiring a quorum, then the meeting may be adjourned for a maximum of two months.

As a foreign private issuer, we are required to comply with Rule 10A-3 of the Exchange Act, relating to audit committee composition and responsibilities. Under French law, the audit committee may only have an advisory role and appointment of our statutory auditors, in particular, must be decided by the shareholders at our annual meeting. Therefore, our shareholders may be afforded less protection than they otherwise would have under Nasdaq's corporate governance standards applicable to U.S. domestic issuers. For an overview of our corporate governance practices, see "[Item 6. C - Directors, Senior Management and Employees-Board Practices](#)".

*We are an "emerging growth company" under the JOBS Act and are able to avail ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our ADSs less attractive to investors.*

We are an “emerging growth company,” as defined in the U.S. Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we intend to continue to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. We have not taken advantage of, and do not intend to take advantage of, the extended transition period provided under Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Since IFRS makes no distinction between public and private companies for purposes of compliance with new or revised accounting standards, the requirements for our compliance as a private company and as a public company are the same.

We cannot predict if investors will find our ADSs less attractive because we may rely on these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and the price of our ADSs may be more volatile. We may take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an emerging growth company until the earliest of (1) the last day of the fiscal year in which we have total annual gross revenue of \$1.235 billion or more; (2) December 31, 2024; (3) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years; and (4) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

***We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense.***

While we currently qualify as a foreign private issuer, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on June 30, 2023. In the future, we would lose our foreign private issuer status if we fail to meet the requirements necessary to maintain our foreign private issuer status as of the relevant determination date. We will remain a foreign private issuer until such time that more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (1) the majority of our executive officers or directors are U.S. citizens or residents; (2) more than 50% of our assets are located in the United States; or (3) our business is administered principally in the United States.

The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly more than costs we incur as a foreign private issuer. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive in certain respects than the forms available to a foreign private issuer. We would be required under current SEC rules to prepare our financial statements in accordance with U.S. GAAP, rather than IFRS, and modify certain of our policies to comply with corporate governance practices associated with U.S. domestic issuers. Such conversion of our financial statements to U.S. GAAP would involve significant time and cost. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers such as the ones described herein and exemptions from procedural requirements related to the solicitation of proxies.

***Changes to U.S. and non-U.S. tax laws could materially adversely affect our company.***

Our tax treatment is subject to the enactment of, or changes in, tax laws, regulations and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration and the practices of tax authorities in jurisdictions in which we operate, including those related to the Organization for Economic Co-Operation and Development’s Base Erosion and Profit Shifting Project, the EC’s state aid investigations and other initiatives. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders, and increase the complexity, burden and cost of tax compliance.

Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, in the United States, the Inflation Reduction Act of 2022 imposes, among other rules, a 15% minimum tax on the book income of certain large corporations and a 1% excise tax on certain corporate stock repurchases. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

***Although not free from doubt, we do not believe we were a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes for the taxable year ended December 31, 2023. However, we cannot assure you that we will not be classified as a PFIC for current taxable year or any future taxable year, which may result in adverse U.S. federal income tax consequences to U.S. holders.***

Although the matter is not free from doubt, based on our analysis of our income, assets, activities and market capitalization for our taxable year ended December 31, 2023, we do not believe that we were classified as a PFIC for the taxable year ended December 31, 2023. Whether we are a PFIC for any taxable year will depend on our assets and income (including whether we receive certain non-refundable grants or subsidies, and whether such amounts along with reimbursements of certain refundable research tax credits and certain intercompany service payments will constitute gross income for purposes of the PFIC income test) in each year, and because this is a factual determination made annually after the end of each taxable year there can be no assurance that we will not be considered a PFIC in any taxable year. In addition, we hold a substantial amount of cash and cash equivalents, which are generally treated as a passive asset for purposes of determining PFIC status. Because the calculation of the value of our assets may be based in part on the value of our ordinary shares or ADSs, the value of which may fluctuate considerably, our PFIC status may change from year to year and it is difficult to predict whether we will be a PFIC for the current year or any future year. Therefore, we have not yet made any determination as to our expected PFIC status for the current taxable year. However, we could be considered a PFIC for the current taxable year or a future taxable year if the current percentage of our passive assets compared to our total assets increases. There can be no assurance that the IRS will agree with our conclusion with respect to any taxable year that we were not a PFIC for such taxable year. Our U.S. counsel expresses no opinion regarding our conclusions or our expectations regarding our PFIC status.

Under the Internal Revenue Code of 1986, as amended, or the Code, a non-U.S. company will be considered a PFIC for any taxable year in which (1) 75% or more of its gross income consists of passive income or (2) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property and certain rents and royalties. In addition, for purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets and received directly its proportionate share of the income of such other corporation. If we are a PFIC for any taxable year during which a U.S. holder (as defined below under [Item 10. E - "Additional Information-Taxation"](#)) holds our ordinary shares or ADSs, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns the ordinary shares or ADSs, regardless of whether we continue to meet the PFIC test described above for a particular year, unless the U.S. holder makes a specified election once we cease to be a PFIC. If we are classified as a PFIC for any taxable year during which a U.S. holder holds our ordinary shares or ADSs, the U.S. holder may be subject to adverse tax consequences regardless of whether we continue to qualify as a PFIC, including ineligibility for any preferred tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements. For further discussion of the PFIC rules, the adverse U.S. federal income tax consequences in the event we are classified as a PFIC and the availability of elections that may mitigate such adverse consequences, see the section of this annual report titled [Item 10. E - "Additional Information-Taxation"](#).

***If a United States person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.***

If a U.S. holder is treated as owning, directly, indirectly or constructively, at least 10% of the value or voting power of our ordinary shares or ADSs, such U.S. holder may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group, if any. Because our group currently includes one U.S. subsidiary, our non-U.S. subsidiaries (and any other non-U.S. subsidiaries we form or acquire in the future) could be treated as controlled foreign corporations, regardless of whether we are treated as a controlled foreign corporation. A United States shareholder of a controlled foreign corporation may be required annually to report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a corporation. Failure to comply with controlled foreign corporation reporting obligations may subject a United States shareholder to significant monetary penalties. We cannot provide any assurances that we will furnish to any United States shareholder information that may be necessary to comply with the reporting and tax paying obligations applicable under the controlled foreign corporation rules of the Code. U.S. holders should consult their tax advisors regarding the potential application of these rules to their investment in our ordinary shares or ADSs.

***We must maintain effective internal control over financial reporting, and if we are unable to do so, the accuracy and timeliness of our financial reporting may be adversely affected, which could hurt our business, lessen investor confidence and depress the market price of our securities.***

As a public company, we must maintain effective internal control over financial reporting in order to accurately and timely report our results of operations and financial condition. In addition, as a public company listed in the United States, the Sarbanes-Oxley Act requires, among other things, that our management assesses the effectiveness of our internal control over financial reporting beginning with this Annual Report.

The rules governing the standards that must be met for our management to assess our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act are complex and require significant documentation, testing and possible remediation. These stringent standards require that our audit committee be advised and regularly updated on management's review of internal control over financial reporting. To comply with this obligation, we must maintain an extensive framework of internal control over financial reporting, that we need to regularly update and test. This process is time-consuming, costly, and complicated. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal controls over financial reporting beginning with our annual report following the date on which we are no longer an "emerging growth company," which may be through December 31, 2024. Our management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that are now applicable to us as a public company listed in the United States.

Management identified no material weakness as of December 31, 2023. See [Item 15 - "Disclosure Controls and Procedures"](#) of this Annual Report for further discussion of management's assessment of the effectiveness of our internal control over financial reporting.

Assessing our procedures to improve our internal control over financial reporting is an ongoing process. We have identified material weaknesses in our internal control over financial reporting in the past, which were remediated and can provide no assurance that we will not have material weaknesses in the future. Any material weaknesses we identify could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our consolidated financial statements. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If material weaknesses occur which we are unable to remediate and we conclude that our internal control over financial reporting is ineffective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of the ADSs could decline, and we could be subject to sanctions or investigations by the NASDAQ Stock Market, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

***The outbreak of any new public health crisis could adversely impact our business, including our preclinical studies and clinical trials.***

In December 2019, COVID-19 spread across the world, including to countries where our facilities are located, where our product candidates are being evaluated in ongoing or future clinical trials, and where our CROs and CMOs are located, which had a significant impact on our activities.

No assurance can be given that new, restrictive measures will not be adopted by governments, and it is not possible to predict with certainty the economic impact and the extent of the possible recovery from the pandemic or the emergence of a new pandemic. However, a long-lasting pandemic recovery accompanied by the implementation of new restrictive measures could lead to an economic slowdown in one or several markets in which the Group operates, or have disruptions that could have a very significant impact on our activities (including the development and, pre-marketing and marketing activities), our operations and those of our current or future partners, our clinical trials, and in particular:

- delays or difficulties manufacturing active ingredients and therapeutic units to be sent to our clinical investigation sites;
- delays or difficulties in enrolling patients in clinical trials in which our product candidates are being evaluated;
- delays or difficulties in recruiting new clinical investigation sites and in starting their activities, including difficulties in recruiting physician investigators and personnel assigned to trials of the clinical investigation site. In particular, the delays in the launch and in enrollment of patients for the Phase 3 ELATIVE® trial evaluating elafibranor in PBC which led us to have to revise our forecasts with regard to obtaining clinical results;
- reallocations of resources normally dedicated to the conduct of clinical trials, including the resources of hospitals hosting clinical investigation sites and hospital staff involved in the conduct of our clinical trials or those of our current partners or potential future partners that made conducting trials technically difficult or impossible;
- disruptions to key clinical trial-related activities, such as monitoring clinical investigation sites;
- limitations if management, members of the Board of Directors and/or employees are unable to work due to illness or unable to work remotely, or in case of the Board of Directors, unable to meet and specifically in the human resources that would usually be concentrated on the conduct of our clinical trials, or those of our current or future partners;
- additional costs related to the implementation of specific protocols within the framework of our ongoing or future clinical trials, or those of our current or future partners;
- delays in obtaining authorizations from the regulatory authorities necessary to start clinical or preclinical studies that we, or our current partners, have planned to launch;
- delays in receipt by the clinical investigation sites of the supplies and equipment needed to carry out these clinical trials;
- disruptions in global trade that may affect the transportation of clinical trial materials such as our therapeutic units required in our clinical trials;
- changes in local regulations imposed by a resumption of the pandemic that could require us or our current partners to modify the terms of our clinical trials, which could result in unexpected costs, or lead to the interruption of our clinical trials;

- delays in necessary interactions with local regulatory agencies, particularly the FDA and EMA, Ethics Committees and other important agencies and contractors due to limited human resources or the unavailability or forced leave of public officials or due to the concentration of their efforts on the examination of other treatments or other activities related to the pandemic; and
- refusals by the FDA or the EMA to accept clinical trial data collected in geographical areas affected by the COVID-19 pandemic.

In addition, the extent of the negative impact of this possible pandemic recovery on the financial markets, on our share price and therefore on our ability to obtain additional financing is unknown at this time. Disaster recovery, business continuity or restructuring plans may be inadequate or insufficient in these circumstances.

#### **Item 4. Information on the Company.**

##### **A. History and Development of the Company**

GENFIT is a biopharmaceutical group conducting late stage clinical trials dedicated to improving the lives of patients with liver diseases with high unmet medical needs, with a special focus on rare, life-threatening and acute pathologies. Our legal name is "GENFIT SA," or a French société anonyme, and our principal executive office is located at Parc Eurasanté 885, avenue Eugène Avinée 59120 Loos, France. Our telephone number at our principal executive office is +33 (0)3 2016 4000. Our agent for service of process in the United States is Corporation Service Company, located at 19 West 44th Street, Suite 200, New York, NY 10036.

With its rich scientific heritage spanning more than two decades, the Group is a pioneer in the discovery and development of drugs for liver diseases. Our pipeline encompasses a total of ten programs. The main franchise focuses on Acute on Chronic Liver Failure (ACLF) and includes five therapeutic programs at different development stages (preclinical, Phase 1, Phase 2): VS-01-ACLF, nitazoxanide (NTZ), SRT-015, CLM-022 and VS-02-HE. A second franchise includes two therapeutic programs targeting other life-threatening liver diseases: GNS561 in Cholangiocarcinoma (CCA) and VS-01-HAC in Urea Cycle Disorder (UCD) and Organic Acidemia (OA). In addition, in 2021, GENFIT successfully out-licensed to Ipsen a proprietary program, elafibranor, which had been developed internally up to and including Phase 3. Our pipeline also includes a diagnostic franchise including NIS2+® in Metabolic dysfunction-associated steatohepatitis (MASH, previously known as NASH, for Nonalcoholic Steatohepatitis) and TS-01 focusing on blood ammonia levels.

GENFIT was founded and incorporated in 1999 by Jean-François Mouney, now Chairman of the Board of Directors. Our Chief Executive Officer, Pascal Prigent, took his position on September 16, 2019, following the recommendation of Jean-François Mouney and board of directors' approval. In 2003, GENFIT created GENFIT CORP., our subsidiary in Massachusetts, United States. In 2006, GENFIT was listed on the Alternext Market, managed by Euronext Paris, and transferred in 2014 onto the Euronext Market in Paris (compartment B - ISIN : FR0004163111). In March 2019, GENFIT SA listed its American Depositary Shares on the Nasdaq Global Select Market in the United States under the symbol "GNFT". On September 29, 2022, GENFIT completed the acquisition of Versantis AG, a Swiss-based clinical stage biotechnology company focused on providing solutions for increasing unmet medical needs in liver diseases, which has since then become its wholly-owned subsidiary. In 2023, we in-licensed two additional investigational drugs in ACLF. SRT-015 is an ASK1 inhibitor in-licensed from Seal Rock Therapeutics in acute liver diseases and CLM-022 is a small molecule inhibitor targeting the NLRP3 inflammasome in-licensed from Celleram.

We are led by an executive team and board of directors with deep experience at leading biotech companies, large pharmaceutical companies and academic institutions. The chair of our scientific advisory board, Bart Staels, is the other co-founder of our company and a world-renowned expert in metabolic & inflammatory disorders, and nuclear receptors. Our Scientific Advisory Board is composed of world-renowned key opinion leaders in metabolic and inflammatory diseases with a particular focus on hepatic and gastroenterological diseases.

Throughout our company's history, we have carried out numerous R&D programs through consortiums and co-research agreements with large pharmaceutical companies, and experts from the academic world. The experience and expertise we've gained have fueled our own research and development efforts, including the discovery of new therapeutic targets, the development of novel technologies and the identification of drug candidates that have demonstrated potential therapeutic efficacy in clinical trials.

The Group's workforce is spread over 4 sites: Lille and Paris (France), Zurich (Switzerland) and Cambridge (Massachusetts, United States). As of December 31, 2023, we had a total of 159 employees.

Our capital expenditures in the years ended December 31, 2023, 2022, and 2021 totaled €0.4 million, €44.9 million, and €0.6 million respectively. The 2022 amount is primarily related to our acquisition of Versantis. Investments in software and scientific equipment primarily account for amounts in 2021 and 2023. (Note that in 2023 we acquired licence rights totaling €2.1 million not included in the figure above.) We expect our capital expenditures in 2024 to be primarily financed from our existing cash.

We maintain a corporate website at [www.genfit.com](http://www.genfit.com). We intend to post our annual report on our website promptly following it being filed with the SEC. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report. We have included our website address in this annual report solely as an inactive textual reference.