KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Telephone: +33 (0)1 55 68 68 68
Fax: +33 (0)1 55 68 73 00
Website: www.kpmg.fr

Inventiva S.A.

Statutory Auditor's Report on the Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union

For the year ended December 31, 2017
Inventiva S.A.
50, rue de Dijon - 21121 Daix
This report contains 65 pages.
Reference: JG-181-9

Inventiva S.A.
50 rue de Dijon – 21121 Daix

This is a free translation into English of the Statutory Auditor's Report on the Financial Statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.
This Statutory Auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditor or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

Statutory Auditor's Report on the Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union

For the financial year ended December 31, 2017

To the Chairman and Chief Executive Officer,

As Statutory Auditor of Inventiva S.A. and in compliance with the assignment entrusted to us, we hereby report to you, for the year ended December 31, 2017, on the audit of the accompanying financial statements of Inventiva S.A. prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Paris La Défense, March 6, 2018

KPMG Audit

Division of KPMG S.A.

Jean Gatinaud

Partner

FINANCIAL STATEMENTS FOR 2017 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

1. Financial statements

1.1. Balance sheet

In euros	Note	December 31, 2017	December 31, 2016
Intangible assets	2.4.1	1,806,087	2,073,300
Property, plant and equipment	2.4.2	4,516,171	4,957,547
Deferred tax assets	2.4.10	252,683	194,604
Assets held for sale	2.4.3	-	149,001
Other non-current assets	2.4.4	571,954	236,823
Non-current assets		**7,146,895**	**7,611,276**
Inventories	2.4.5	473,129	471,879
Trade receivables	2.4.6	64,223	771,131
Tax receivables	2.4.6	4,463,539	3,730,753
Other receivables	2.4.6	3,167,992	5,231,385
Other current assets	2.4.6	-	6,175,777
Cash and cash equivalents	2.4.7	59,051,220	24,867,573
Current assets		**67,220,103**	**41,248,498**
Total assets		**74,366,998**	**48,859,774**
Shareholders' equity	2.4.8	**64,008,899**	**35,722,690**
Long-term debt	2.4.9	219,933	481,858
Deferred tax liabilities	2.4.10	-	3,012,580
Long-term provisions	2.4.11	477,494	346,408
Provisions for retirement benefit obligations	2.4.12	865,994	695,015
Other non-current liabilities		-	-
Non-current liabilities		**1,563,420**	**4,535,861**
Short-term debt	2.4.9	262,133	145,746
Short-term provisions		-	-
Trade and other payables	2.4.13	5,381,691	4,364,428
Tax liabilities		-	-
Other payables	2.4.14	3,150,855	4,091,049
Current liabilities		**8,794,679**	**8,601,223**
Total equity and liabilities		**74,366,998**	**48,859,774**

1.2. Income statement

In euros	Note	2017	2016
Revenue	2.5.1	**6,520,816**	**9,445,644**
Other recurring operating income	2.5.1	5,161,021	4,905,974
Research and development costs	2.5.2	(26,733,042)	(22,144,686)
Marketing – business development	2.5.2	(352,900)	(491,580)
General and administrative expenses	2.5.2	(5,062,411)	(3,764,219)
Recurring operating income (loss)		**(20,466,516)**	**(12,048,866)**
Other non-recurring operating income	2.1.2	255,000	-
Other non-recurring operating expenses	2.1.2	(704,463)	(970,039)
Operating income (loss)		**(20,915,979)**	**(13,018,905)**
Financial income	2.5.4	316,832	522,895
Financial expenses	2.5.4	(38,553)	(62,665)
Net financial income		**278,279**	**460,230**
Income tax	2.5.5	3,408,614	5,513,631
Net income (loss) for the period		**(17,229,085)**	**(7,045,045)**

Net earnings (loss) per share			
- basic	2.4.8	(1.11)	(0.70)
- diluted	2.4.8	(1.09)	(0.70)

1.3. Statement of comprehensive income

In euros	2017	2016
Net income (loss) for the period	**(17,229,085)**	**(7,045,045)**
Changes in fair value	1,209	3,603
Tax impact on items recycled to income	(339)	(1,201)
Actuarial gains and losses on retirement benefit obligations (IAS 19)	15,298	(60,148)
Tax impact on items not recycled to income	(4,283)	16,842
Total comprehensive income (loss)	**(17,217,200)**	**(7,085,950)**

1.4. Statement of changes in equity

In euros	Equity	Additional paid-in capital	Net income (loss) for the period	Reserves	Shareholders' equity
January 1, 2017	**100,300**	**-**	**(7,045,045)**	**42,667,436**	**35,722,690**
Issue of ordinary shares	57,066	48,448,839	-	-	48,505,905
Transaction costs	-	(3,884,458)	-	-	(3,884,458)
Capital increase and additional paid-in capital	-	-	-	-	-
Appropriation of 2015 net loss	-	-	7,045,045	(7,045,045)	-
Net loss for the period	-	-	(17,229,085)	-	(17,229,085)
Exercise of BSAs/BSPCEs	7,079	427,434	-	-	434,513
BSA share warrant subscription premium (2017 Plan)	-	-	-	104,130	104,130
Actuarial gains and losses net of deferred tax	-	-	-	11,015	11,015
IFRS 2 expense	-	-	-	683,606	683,606
Changes in fair value net of deferred tax	-	-	-	870	870
2016 net loss	-	-	-	(43,443)	(43,443)
Treasury shares				(296,845)	(296,845)
December 31, 2017	**164,445**	**44,991,815**	**(17,229,085)**	**36,081,725**	**64,008,899**

In euros	Equity	Additional paid-in capital	Net income (loss) for the period	Reserves	Shareholders' equity
January 1, 2016	**100,300**	**-**	**(8,823,324)**	**51,492,855**	**42,769,831**
Issue of ordinary shares	-	-	-	-	-
Capital increase and additional paid-in capital	-	-	-	-	-
Appropriation of 2015 net loss	-	-	8,823,324	(8,823,324)	-
Net loss for the period	-	-	(7,045,045)	-	(7,045,045)
Actuarial gains and losses net of deferred tax	-	-	-	(43,307)	(43,307)
IFRS 2 expense	-	-	-	38,809	38,809
Changes in fair value net of deferred tax	-	-	-	2,402	2,402
December 31, 2016	**100,300**	**-**	**(7,045,045)**	**42,667,436**	**35,722,690**

1.5.Statement of cash flows

In euros	2017	2016
Net income (loss) for the period	**(17,229,085)**	**(7,045,045)**
Elimination of other non-cash, non-operating income and expenses:		
Depreciation, amortization and provisions	1,422,268	1,648,224
Deferred and current taxes	(7,872,153)	9,807,597
Losses on disposals of assets	(233,386)	(9,894)
Cost of net debt	5,834	7,038
Loan discounting effect net of unwinding expense	-	458
Discounting effect on accrued receivables related to the business combination of August 27, 2012[a]	(9,423)	(126,609)
IFRS 2 expense	683,606	38,809
Cash flows used in operations before tax and changes in working capital	**(23,232,339)**	**(15,294,616)**
Changes in operating working capital:		
Receivables	1,823,166	(2,864,117)
Operating and other payables	1,186,199	924,631
Inventories	(1,250)	8,557
Tax paid	3,687,310	3,121,171
Interest paid	(5,316)	(7,038)
Other	(459,820)	(749,169)
Net cash used in operating activities	**(17,002,052)**	**(14,860,581)**
Purchases of property, plant and equipment and intangible assets	(428,029)	(227,937)
Disposals of property, plant and equipment and intangible assets	265,098	17,304
Changes in amounts payable on non-current assets		(10,250)
Deferred proceeds related to the business combination of August 27, 2012[a]	6,185,200	17,426,200
Net change in other non-current financial assets	148,291	(2,094)
Net cash from investing activities	**6,171,191**	**17,203,223**
Capital increase	45,160,090	-
Dividends paid	-	-
Issuance of debt	-	117,556
Repayment of debt	(145,583)	(188,416)
Other changes		-
Net cash from financing activities	**45,014,507**	**(70,860)**
Net increase in cash and cash equivalents	**34,183,647**	**2,271,782**
Cash and cash equivalents at beginning of period	24,867,573	22,595,791
Cash and cash equivalents at end of period	59,051,220	24,867,573
Net increase in cash and cash equivalents	**34,183,647**	**2,271,782**

[a] The impacts of the business combination on the statement of cash flows are presented in Note 2.1.2.

2. Notes to the financial statements

2.1. Company information

2.1.1. Company information

Inventiva is a biopharmaceutical company specialized in developing drugs that impact on nuclear receptors, transcription factors and epigenetic modulation. It is developing breakthrough therapies in areas with significant medical need such as fibrosis, oncology and rare diseases.

Inventiva's flagship drug candidate lanifibranor contains a unique mechanism that activates all three PPAR (peroxisome proliferator-activated receptor) isoforms: α, δ and γ that play a key role in controlling the fibrotic process. Its anti-fibrotic action makes it possible to target two urgent medical conditions: NASH, a severe and rapidly developing liver disease that already affects over 30 million people in the United States, and systemic sclerosis, a disease with very high mortality rates and no approved treatment at present.

At the same time, Inventiva is developing a second clinical program based around the drug candidate Odiparcil to treat three forms of mucopolysaccharidoses (MPS I or Hurler/Scheie syndrome, MPS II or Hunter syndrome and MPS VI or Maroteaux-Lamy syndrome) as well as a portfolio of projects in the oncology field.

Inventiva has forged links with renowned research institutes such as the Institut Curie and it has also developed two strategic partnerships with AbbVie and Boehringer Ingelheim.

Inventiva has cutting-edge R&D facilities located near Dijon, acquired from the international pharmaceutical group Abbott. They include a 240,000 molecule chemical library together with biology, chemistry, ADME and pharmacology platforms.

Inventiva has been granted Young Innovative Enterprise (*Jeune Entreprise Innovante*) status in France until 2018 and is eligible for the research tax credits (*Crédit d'Impôt Recherche*, CIR) approved by the French ministry for education, higher education and research (*Ministère de l'éducation nationale de l'enseignement supérieur et de la recherche*, MENESR).

Inventiva has been listed on the Euronext Paris regulated market since February 2017.

2.1.2. Significant events

Creation of the Company

The Company was founded on October 27, 2011 and following a period of organization, primarily to recruit its research teams, operations began on August 27, 2012.

As part of the launch of the Company's operations on the same date, a purchase agreement was also signed with the Abbott Company (the Asset Purchase Agreement or APA), mainly to acquire the following assets and related liabilities: a research site with a value of €3.5 million, a library of compounds and fixed assets with a value of €4.1 million and licenses for €1. The total acquisition cost of the assets amounted to €8.4 million and reflected the fair value of the purchased items.

Under the terms of the contract, the Company was granted an immediate payment of €8.4 million from Abbott to cover the acquisition of the assets described above.

Furthermore, the arrangement provided for additional quarterly payments to the Company under a reducing balance arrangement in an amount of €96 million over a five-year period. The receipt of this second series of payments is notably subject to the Company maintaining its research and development operations for five years and retaining certain employees for three years. The payments made may not be later reclaimed by Abbott.

In accordance with *IFRS 3 (revised) – Business Combinations*, the purchase agreement has been treated as a business acquisition. Accordingly, the payments obtained and described above form part of the calculation of the value transferred by the acquirer.

Therefore, under International Financial Reporting Standards (IFRS), the Company acquired a business whose net assets represent a fair value of €8.4 million corresponding to the purchased assets described above. In return, the Company will receive a series of staggered payments over a period of five years in a total amount of €96.0 million subject to contractual conditions that the Company could easily meet: (i) continuation of the research activity at Daix, under the terms set by the APA, (ii), use of funds compliant with the terms set by the APA and (iii) retention of certain employees during three years from the date of the conclusion of the APA.

As the payments are spread over time, the fair value of the consideration transferred and to be received was estimated at €94.2 million at the acquisition date.

Consequently, the transaction generated a negative goodwill of €102.5 million which was immediately recognized in net income at the acquisition date as follows:

Acquisition of a business with net assets representing a fair value of €8.4 million.

A “negative” payment received in return, with a fair value of €94.2 million.

A receivable was initially recorded in assets at its discounted value of €94.2 million. The discounting of the receivable to present value was then unwound (leading to its increase in value and the recognition of the related accounting impact in net income [loss]) and subsequently reduced over time with each quarterly payment received.

Negative goodwill of €102.5 million was recorded in the income statement for the period ended December 31, 2012 under non-recurring operating income. The unwinding of the receivable is recognized in financial income. The recognition of negative goodwill in 2012 also generated a difference with the tax base reflected in a deferred tax liability of €28.7 million recorded in 2012 and gradually written down over subsequent periods.

The main impacts on the income statement and the statement of cash flows of the business combination over time have been summarized in the tables below.

(In thousands of euros)	2012	2013	2014	2015	2016	2017
Income statement impacts						
Negative goodwill	102,535	-	-	-	-	-
Unwinding of accrued receivables	275	674	489	305	127	9
Deferred tax liabilities	(28,676)	6,514	6,451	6,619	6,072	3,027
Income statement – total impacts	**74,134**	**7,187**	**6,940**	**6,924**	**6,199**	**3,036**
Cash flow impacts						
Proceeds received on business combination	14,511	-	-	-		
Deferred proceeds	6,143	20,022	19,897	20,229	17,426	6,185
Statement of cash flows – total impacts	**20,654**	**20,022**	**19,897**	**20,229**	**17,426**	**6,185**

** The amounts detailed in this section only include proceeds from Abbott (totaling €104.4 million for the year ended December 31, 2017) before the disbursement of €8.4 million for the acquisition of the operation on August 27, 2012.*

IPO

In February 2017, Inventiva successfully completed its initial public offering (IPO) on Euronext Paris by way of an Open Price Offering (OPO) and a Global Placement. As part of the IPO, Inventiva offered a total of 5,706,577 ordinary shares, representing 36% of its share capital, enabling it to raise some €48.5 million by means of a capital increase after partial exercise (357,122 shares) of the increase option and partial exercise (55,357 shares) of the over-allotment option.

The funds, net of banking fees of €2.6 million, were received in parts on February 16, 2017 and March 16, 2017 (over-allotment option).

The final price of the OPO was set at €8.50 per share, bringing the Company's market capitalization to around €133.3 million.

Trading on Compartment C of Euronext Paris began on February 15, 2017.

As part of the IPO, during the year ended December 31, 2017 the Company incurred transaction costs of €3,995,528 related to both the IPO and the capital increase.

Prior to 2017, the Company started incurring transaction costs related to both the IPO and the capital increase, amounting to €2,162,407. A portion of these costs, €557,138, were deferred and reported in prepaid expenses under other receivables in the assets section of the balance sheet. They were deducted from shareholders' equity once the capital increase was completed.

These transaction costs had the following impacts on the financial statements for the year ended December 31, 2017:

- Transaction costs directly attributable to the capital increase have been accounted for as a deduction from the issue premium in an amount of €3,884,458.
- Other transaction costs not directly attributable to the capital increase (but attributable to the IPO) were transferred to non-recurring expenses in an amount of €668,209.

The above amounts include transaction costs relating to both the IPO and the capital increase, which have been allocated between the two based on a ratio corresponding to the number of shares issued as part of the capital increase divided by the number of shares existing before the transaction.

Master Research Services Agreement

In August 2012, the Company entered into master research service agreement (MRSA) with AbbVie specifying the conditions under which the Company will occasionally perform services throughout the term of the contract on behalf of AbbVie in accordance with ad hoc statements of work agreed upon between the parties and setting out the research work to be performed by the Company.

The Master Research Services Agreement (MRSA) and the APA were signed concurrently.

However:

- They are the subject of two separate agreements.
- They have been signed with two legally separate counterparties (Abbott and AbbVie).
- The MRSA has been entered into at arm’s length.

As a result, the APA and the MRSA have not been considered as a single transaction, but have been accounted for separately.

In exchange for the provision of services by the Company under the MRSA and the different statements of work (together the “AbbVie Partnership”), AbbVie agreed to pay an annual base fee of around €3 million (adjustable for inflation) over a five-year period and any other additional amounts included in each statement of work.

The AbbVie Partnership was signed for a term of five years, which may later be extended by written agreement between the parties. AbbVie is entitled to terminate the AbbVie Partnership in case of serious non-fulfillment by the Company of one of its obligations. The termination will take effect following a 60-day notice period, unless the Company can remedy such non-fulfillment.

Under the terms of the agreement, AbbVie is the sole holder of the intellectual property rights arising from the partnership.

Under the partnership, the Company and AbbVie have signed several statements of work, mainly related to two research projects: the RORγ project for the treatment of certain autoimmune diseases and another project relating to fibrosis. The statement of work related to the RORγ project specifies that the Company may be entitled to additional payments in the form of milestone payments and royalties on sales. These additional payments will have to be paid by AbbVie to the Company even in the event of termination of the said statement of work or of the AbbVie Partnership if AbbVie decides to proceed with the development of products arising from the RORγ project.

In 2016, the Company achieved two scientific targets defined under its partnership with AbbVie, triggering the release of two milestone payments for a total amount of €4,500,000. The first milestone payment of €2,000,000 was received in 2016 while the second for €2,500,000 was received on February 10, 2017. Both payments were recognized in revenue for the year ended December 31, 2016 because the obligating event – the achievement of precise, contractually defined, scientific results – occurred prior to December 31, 2016.

In September 2017, Inventiva and AbbVie announced that Abbv553, a powerful orally active selective antagonist of RORγ, which previously underwent a Phase I clinical trial as a treatment for moderate to severe psoriasis and had given rise to several milestone payments to Inventiva, had been halted. A new collaborative project to discover and develop new oral RORγ antagonists has been put in place. Through this project, Inventiva may receive fees of an undisclosed amount for research services and milestone payments were a new drug candidate to be identified. Inventiva will also be eligible for development and sales milestones as well as royalties on sales. The Company received payments of €421,000, corresponding to revenue related to the financing of the project's R&D expenditure.

In 2017, the proportion of revenue generated by the AbbVie Partnership declined compared to 2016 and the Company did not receive any scientific milestone payments. In 2017 and 2016, the AbbVie Partnership represented 37.0% and 79.7%, respectively, of the Company's revenue.

Research Collaboration and License Agreement

In May 2016, the Company signed a Research Collaboration and License Agreement (the "**BI Agreement**") with Boehringer Ingelheim International GmbH ("**BI**"). The aim of this agreement is to apply Inventiva's technology and know-how to the development of new treatments for Idiopathic Pulmonary Fibrosis (IPF), a chronic fibrotic disease characterized by a gradual and irreversible decline in lung function, and other fibrotic diseases.

Under the partnership, Inventiva will be responsible for validating an undisclosed, promising novel target with the objective of developing an innovative approach for the treatment of IPF. The drug candidate phases of the research program will be jointly led by the Inventiva and BI teams. BI will then be responsible for the preclinical and clinical development phases and the commercialization of the drug candidate.

In return for its research services, Inventiva will receive the following payments under the terms of the Agreement:

- An upfront €500,000 payment (received in May 2016).
- Quarterly payments corresponding to the compensation of the researchers assigned to the program, based on the number of full-time equivalents ("**FTEs**").
- Additional payments in the event that BI exercises the option to extend the Agreement beyond Phases I and II.
- Technical and commercial milestone payments, representing the most significant potential future revenue from the Agreement.

The revenue from the collaboration with BI recognized during 2016 in an amount of €1,000,008 corresponds to the following:

- Upfront payment: €333,333 of the total upfront payment of €500,000 was recognized in revenue during the period. The total upfront payment is intended to compensate Inventiva for the know-how, technologies, research teams and facilities, and library of biological compounds used throughout both Phases I and II of the research program. Therefore, only the portion of the upfront payment corresponding to the first eight months of research performed during the reporting period (May to December 2016) was recognized.
- Remuneration of FTEs: Revenue of €666,675 was recognized corresponding to compensation for FTEs assigned to the research program as from May 2, 2016.

In September 2017, Boehringer Ingelheim exercised its option to jointly develop new treatments for Idiopathic Pulmonary Fibrosis (IPF). The joint research team has validated a new target and data generated in the program support its therapeutic potential for fibrotic conditions. Idiopathic Pulmonary Fibrosis (IPF) has been selected as the first therapeutic indication to be investigated. Boehringer Ingelheim's exercise of this option triggered a milestone payment to Inventiva of €2,500,000. This milestone payment was recognized in revenue for 2017 because the obligating event occurred prior to December 31, 2017.

The revenue from the collaboration with BI recognized during 2017 in an amount of €3,308,325 corresponds to the following:

- Upfront payment: Revenue of €166,667 was recognized for research related to Phases I and II conducted between January and April 2017.
- Compensation for FTEs: Revenue of €641,658 was recognized corresponding to compensation for FTEs assigned to the research program for the year.
- Milestone payment: The collaboration option was exercised following the validation of a new fibrosis target, triggering a milestone payment of €2.5 million in the second half of the year.

In 2017 and 2016, the Research Collaboration and License Agreement with BI represented 50.7% and 10.6%, respectively, of the Company's revenue.

Revenue was mainly generated from the AbbVie and BI Partnerships and from other research service activities provided by the Company.

Tax audit

The Company is currently being audited by tax authorities with regard to the years ended December 31, 2013, December 31, 2014 and December 31, 2015. The audit of payroll taxes and the research tax credit CIR is currently in progress.

A description of the checks performed and their impact on the financial statements is provided in Note 2.4.11, “Provisions”.

Other significant events in 2017

Lanifibranor (formerly IVA337)

Lanifibranor secured as the international non-proprietary name (INN) for IVA337, the first next generation panPPAR α, δ and γ agonist to receive the fibranor suffix.

The World Health Organization (WHO) registered the international non-proprietary name of lanifibranor for IVA337, Inventiva's flagship drug candidate, currently in Phase IIb development trials as a treatment for systemic sclerosis (SSc) and non-alcoholic steatohepatitis (NASH). Lanifibranor is the first next-generation panPPAR α, δ and γ agonist to receive the fibranor suffix.

Positive results from the 12-month non-human primate toxicology study with lanifibranor: no undesirable clinical symptoms, including those usually associated with PPAR γ, were observed.

In May, Inventiva announced results of a 12-month non-human primate toxicology study with lanifibranor. No undesirable clinical symptoms, including those usually associated with PPAR γ, were observed during the treatment period, regardless of dosage. Inventiva is also currently running two 24-month carcinogenicity studies in rodents and announced the first results in rats in March 2018. Once these studies are completed in mid-2018, Inventiva will have the toxicological documentation required to begin Phase III studies and seek the necessary marketing approvals.

For the treatment of NASH (non-alcoholic steatohepatitis)

NATIVE Phase IIb study for the treatment of NASH currently in progress in Europe, Canada and Australia.

Launched in February 2017, Phase IIb of the NATIVE (NAsh TrIal to Validate IVA337 Efficacy) study is a randomized, double-blind, multicenter, placebo-controlled clinical trial on patients suffering from NASH. The study will investigate the safety and efficacy of two doses of lanifibranor (800 and 1200 mg/day) over a 24-week period. Enrollment in the study is progressing, but is running behind the original schedule due to increased competition for patients at clinical trial sites. To accelerate trial enrollment, Inventiva plans to open additional trial sites in countries and regions where trials are under way (Europe, Australia and Canada). The Company now expects the results of the trial to be ready in early 2019, rather than in mid-2018 as initially planned.

Data presented at the International Liver Congress, the European Association for the Study of the Liver's (EASL) annual conference, support the potential of lanifibranor as a treatment for NASH.

Preclinical work on lanifibranor was featured in a poster presentation at the International Liver Congress™, which took place in Amsterdam, in April. The findings demonstrated that lanifibranor inhibits the development of NASH through the normalization of different metabolic parameters such as insulin-resistance, activation of fatty acid β-oxidation and inhibition of the inflammasome known to be a trigger of liver inflammation and fibrosis. Lanifibranor also markedly reverses existing liver fibrosis thanks to its PPARγ component.

Preclinical data supporting the therapeutic potential of lanifibranor for the treatment of NASH were published in the June 19, 2017 edition of Hepatology Communications. Presentations on Inventiva's NASH program were also given at the Paris NASH Symposium in July 2017 and others were scheduled for NASH Summit Europe in Frankfurt in October 2017.

For the treatment of SSc (systemic sclerosis)

Enrollment is on schedule for Phase IIb of the FASST study of lanifibranor as a treatment for systemic sclerosis.

Phase IIb of the FASST (For a Systemic Sclerosis Treatment) study of lanifibranor as a treatment for systemic sclerosis (SSc) now has over 145 randomized patients, which is the number required to carry out the study. Patients were enrolled in 47 clinical centers in ten different countries and headline results are expected as scheduled in the first half of 2019. The 48-week FASST study is measuring changes from baseline in the Modified Rodnan Skin Score for two different doses of lanifibranor, compared to placebo.

The DSMB does not recommend that any changes should be made to the study and the key results are expected in early 2019.

Odiparcil (formerly IVA336)

Phase IIa of the iMProveS study of odiparcil on patients with MPS VI, to begin enrollment before year-end 2017.

The 26-week iMProveS clinical study is designed to demonstrate the safety, tolerability and efficacy of odiparcil in 24 adult MPS VI patients. It will be conducted at two European clinical sites. If the results of the study are positive, Inventiva plans to conduct a Phase III pivotal study of odiparcil on MPS VI.

Launch of the biomarkers study for odiparcil in the United States.

In support of the odiparcil clinical program, the Company is currently running a non-interventional study at the Children's Hospital and Research Center of Oakland (United States) under the supervision of Professor Paul Harmatz. The aim of the study is to determine whether assessment of GAG (glycosaminoglycans) storage in white blood cells is a potential efficacy biomarker. The study is expected to be completed in September, with results announced by the end of this year.

Strengthening odiparcil intellectual property rights in the United States.

In February 2017, the Company was granted a patent protecting the use in the United States of odiparcil in the treatment of MPS VI. With the patent also granted in 30 European countries, Inventiva's exclusive use of odiparcil in all of its key markets is now secured until October 2034. In addition, Inventiva has filed several divisional patent applications in Europe and the United States in order to protect odiparcil for use in treating other forms of mucopolysaccharidoses (MPS). The applications have been approved in Europe and are currently pending in the United States.

Enrollment of the first patient.

Inventiva has announced the enrollment of the first patient in Phase IIa of the iMProveS study of odiparcil in the treatment of MPS VI. The aim is to enroll 24 patients at two clinical centers. Results are expected during the first quarter of 2019.

YAP-TEAD

In 2017, the Company's main oncological program targeting YAP and TEAD transcription factors upstream from the Hippo signaling pathway, moved into the lead generation stage and a second patent was filed to boost the protection of the compounds developed by Inventiva. Preclinical development should begin in 2019 with a view to conducting the first Phase I clinical trial.

Liquidity agreement

On February 22, 2017, after Inventiva was admitted to trading on the Euronext market, the Company entered into a liquidity agreement with an investment services provider (ISP). The provisions of the agreement are in line with the March 21, 2011 decision of the AMF updating accepted market practices for liquidity agreements. Under the agreement, the ISP is authorized to buy and sell Inventiva treasury shares without interference from the Company in order to ensure the liquidity of the shares on the Euronext market for the next three years.

At December 31, 2017, treasury shares acquired by Inventiva through its ISP, as well as the gains or losses resulting from share purchase, sale, issue and cancellation transactions during the year 2017, were accounted for as a deduction from equity. Consequently, these transactions had no impact on the Company's results.

New BSA share warrant and bonus share award plans

On April 18, 2017, the Company's Board of Directors approved two bonus share award plans for certain Company employees:

- 82,300 bonus shares ("AGA 2017-1"), of which 2,400 have since been canceled.
- 60,000 bonus shares ("AGA 2017-2").

The plans have the following characteristics:

- A two-year vesting period for AGA 2017-1 shares.
- A one-year vesting period for AGA 2017-2 shares.
- A one-year lock-up period.
- A service condition.
- No performance conditions.

The fair value of Inventiva bonus shares corresponds to the Inventiva share price less a discount to reflect the lock-up period. At the award date, the fair value of each bonus share was estimated at €7.04.

On May 29, 2017, the Company's Board of Directors allotted 195,000 BSA share warrants ("BSA 2017") to Board members. BSA 2017 share warrants are share subscription options with no performance conditions attached. The plan is divided into three tranches with one-, two- and three-year vesting periods.

On May 29, 2017, the fair value of the BSA share warrants was estimated using the Black-Scholes model based on the following assumptions:

- Value of the underlying asset at May 29, 2017.
- Volatility observed in two samples of comparable listed companies.
- Economic life (middle of exercise period).

At the award date, the fair value of each BSA share warrant was estimated at €2.47.

BSA 2017 share warrants are exercisable until May 29, 2027, after which they will be forfeited. The exercise price of the BSA share warrants is fixed at €6.675. This price may not be changed during the plan's lifetime except in the event that adjustments are required as part of financial transactions having an impact on the Company's share capital.

Movements of awarded BSA share warrants and bonus shares as well as the accounting impact of share-based payments are described in Note 2.4.8, “Shareholders' equity”.

Sale of a real estate asset

The Company sold a real estate asset in the first half of 2017. Control of the residential property, which was acquired by paying a life annuity, had been transferred to the Company as part of the Asset Purchase Agreement entered into on August 27, 2012 (as previously described). The sale of this asset to a third party on May 5, 2017 resulted in the recognition of a gain on the disposal of an asset of €228,447. The proceeds of the sale and the impact of the asset disposal were recorded in non-recurring income.

2.2.Accounting policies and methods

The principal accounting policies applied in the preparation of the financial statements are described below. Unless otherwise stated, the same policies have been consistently applied for all of the periods presented.

2.2.1. Basis of preparation

In addition to its financial statements prepared in accordance with French generally accepted accounting principles (GAAP), the Company, having neither subsidiaries nor equity investments, has voluntarily prepared financial statements in accordance with IFRS as adopted by the European Union.

Financial statements have been prepared in accordance with IFRS for every financial period since the Company was founded (i.e., the period ended December 31, 2012) in order to present accounting data which are comparable with the majority of the companies, particularly listed companies, in its business sector.

The Company financial statements prepared in accordance with IFRS and presented in this set of accounts cover the years ended December 31, 2016, and December 31, 2017. They were approved by the Company’s Board of Directors on March 6, 2018.

They are presented in addition to the Company's statutory financial statements prepared in accordance with French GAAP.

Financial reporting guidelines are available on the European Commission's website at http://ec.europa.eu/finance/accounting/ias/index_en.htm. They include the standards approved by the International Accounting Standards Board (IASB), i.e., International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee interpretations (IFRIC).

Standards, amendments to existing standards and interpretations published by the International Accounting Standards Board (IASB) whose application has been mandatory since January 1, 2017

No new standards, interpretations or amendments to existing standards that came into force on January 1, 2017 have been identified that apply to the Company.

Standards, amendments to existing standards and interpretations published by the IASB whose application is mandatory after December 31, 2017 and that have been early adopted by the Company

No standards, amendments to existing standards or interpretations have been early adopted by the Company at December 31, 2017.

Standards, amendments to existing standards and interpretations published by the IASB whose application is not yet mandatory

- *IFRS 9 – Financial Instruments* replaces *IAS 39 – Financial Instruments: Recognition and Measurement*. IFRS 9 sets out three classification categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Classification depends on the entity's business model and the financial asset's cash-flow characteristics. Accounting for financial liabilities under IFRS 9 remains very similar to IAS 39, but requires all changes in the credit risk of a liability measured at fair value through profit or loss to be recognized in other comprehensive income. IFRS 9 has not yet been adopted by the European Union but it should be effective for annual periods beginning on or after January 1, 2018. The Company has not analyzed the impacts of applying the standard but expects them to be marginal.

- *IFRS 15 – Revenue from Contracts with Customers*, which replaces *IAS 18 – Revenue* and *IAS 11 – Construction Contracts*, sets out the new requirements for recognizing revenue. IFRS 15 presents a five-step framework for recognizing revenue:
    - Identify the contract(s) with the customer.
    - Identify the performance obligations in the contract.
    - Determine the transaction price.
    - Allocate the transaction price to each performance obligation.
    - Recognize revenue when a performance obligation is satisfied.

  IFRS 15 is effective from January 1, 2018. The Company has performed a detailed analysis of its main contracts and how these are accounted for based on IFRS 15 revenue recognition criteria. IFRS 15 requires a different revenue recognition pattern for milestone payments received by the Company, when compared with the pattern used up to now in accordance with IAS 18. In accordance with IAS 18, milestone payments received in association with research agreements are recognized as revenue immediately upon receipt. Under IFRS 15, milestone payments are deemed to be variable payments to be included in the transaction price as soon as their receipt is highly probable and recognized in income over the period of the agreement remaining. As a result, sales revenue generated by agreements and the related cash flow remain unchanged. Only the pattern of recognition of revenue over the agreement will change. Evaluation of the exact related impacts of the adoption of IFRS 15 is currently in progress and mainly concern the BI Agreement. As of the date of this report, the Company anticipates applying the modified retrospective transition method.

- *IFRS 16 – Leases* replaces *IAS 17 – Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the requirement to classify leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize (i) assets and liabilities for all leases with a term of more than 12 months, and (ii) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 is effective from January 1, 2019. As of December 31, 2017, the Company only leases the following assets: a tank, several photocopiers and two vehicles. An in-depth evaluation of the impacts of this new standard will be conducted in 2018 and further disclosures will be provided over the next 12 months.

2.2.2. Fair value measurement

In the table below, financial instruments are measured at fair value according to a hierarchy comprising three levels of valuation inputs:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The table below presents the financial assets and liabilities of the Company measured at fair value at December 31, 2017:

December 31, 2017 – in euros	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at fair value through profit or loss			
Monetary UCITS	5,045,522	-	-
Assets held for sale			
Monetary UCITS	-	-	-
Total assets	**5,045,522**	-	-
Liabilities	-	-	-
Total liabilities	-	-	-

The majority of the UCITS (presented above under "Financial assets at fair value through profit of loss") have been classified in cash and cash equivalents at December 31, 2017.

The table below presents the financial assets and liabilities of the Company measured at fair value at December 31, 2016:

December 31, 2016 – in euros	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at fair value through profit or loss			
Monetary UCITS	6,179,561	-	-
Assets held for sale			
Monetary UCITS	149,001	-	-
Total assets	**6,328,562**	-	-
Liabilities	-	-	-
Total liabilities	-	-	-

All the UCITS (presented above under "Financial assets at fair value through profit or loss") were classified in cash and cash equivalents at December 31, 2016, with the exception of those UCITS pledged as collateral for the loan contracted during 2015 and released in the second-half of 2017 (see Note 2.4.3, – "Assets held for sale"). These UCITS units were blocked and did not meet the criteria for classification in cash and cash equivalents. Consequently, they have been classified as assets held for sale.

2.2.3. Foreign currency transactions

Functional and presentation currency

The Company's financial statements are presented in euros, which is also the Company's functional currency. All amounts presented in these notes to the financial statements are denominated in euros unless otherwise stated.

Translation of foreign currency transactions

Only certain purchases are carried out in foreign currencies. These transactions are translated and recorded at their value in euros at the date of the transaction and recognized in operating income or expenses, as they relate to the Company's ordinary course of business.

2.2.4. <u>Use of estimates and judgment</u>

The preparation of financial statements in accordance with IFRS requires:

- Executive Management to make judgments when selecting appropriate assumptions for accounting estimates, which consequently involve a certain degree of uncertainty ;
- Management to make estimates and apply assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as information presented for the period.

The estimates and judgments, which are updated on an ongoing basis, are based on past experience and other factors, in particular assumptions of future events, deemed reasonable in light of circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, often differ from actual reported values. Estimates and assumptions that could lead to a significant risk of a material adjustment in the carrying amount of assets and liabilities in the subsequent period are analyzed below.

Initial recognition of business combinations

The Company undertakes a review of the contracts it has entered into and particularly of its purchase agreements. The purchase agreement signed on August 27, 2012 and presented in Note 2.1.2, “Significant events”, has been subject to a specific review in light of the measurement and recognition criteria set out in *IFRS 3 – Business Combinations*. Note 2.1.2 provides details of the judgments applied by the Company that led to the recognition of negative goodwill in the period ended December 31, 2012.

Measurement of retirement benefit obligations

The Company operates a defined benefit pension plan. Its defined benefit plan obligations are measured in accordance with actuarial calculations based on assumptions such as discount rates, the rate of future salary increases, employee turnover, mortality tables and expected increases in medical costs. The assumptions used are generally reviewed and updated annually. The main assumptions used and the methods chosen to determine them are set out in Note 2.4.12, “Provisions for retirement benefit obligations”. The Company considers that the actuarial assumptions used are appropriate and justified in light of current circumstances. Nevertheless, retirement benefit obligations are likely to change in the event that actuarial assumptions are revised.

Provision for tax audit

The Company calculated the provision for the tax audit of the period from January 1, 2013 to December 31, 2015 based on an estimate of the related risk. The provision represents the best estimate of the amount required to settle any amounts owed to the French tax authorities at the end of the reporting period.

CIR research tax credit

Changes in the amount of the CIR research tax credit are based on the Company's internal and external expenditure in 2017. Only eligible research expenses may be included when calculating the CIR research tax credit.

Income tax

Estimates are made in order to determine income tax provisions. The provisions determined by the Company are reasonable to cover the possible consequences of investigations undertaken by the French tax authorities.

Valuation of share warrants and stock options

Fair value measurements of share warrants and stock options granted to employees are based on actuarial models which require the Company to factor certain assumptions into its calculations.

2.2.5. Intangible assets

In accordance with *IAS 38 – Intangible Assets*, research costs are recognized in the income statement in the period during which they are incurred.

An internally generated intangible asset arising from a research program is recognized if, and only if, the Company can demonstrate all of the following:

- The technical feasibility necessary to complete the research program.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the research program.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Given the risks and uncertainties involved in regulatory approval and in the process of research and development, the Company considers that the six criteria set out in IAS 38 are met only upon obtaining market authorization. Consequently, all research and development costs are charged directly to expenses.

Intangible assets comprise:

- The cost of acquiring software licenses. They are written down over a period of between one and five years based on their expected useful life.

- Chemical components, which are written down over a 13-year period corresponding to the estimated renewal rate of the library.

2.2.6. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, including transaction expenses.

Major renewals and improvements are capitalized while repairs, maintenance and other renovation costs are expensed as incurred.

Depreciation and amortization are calculated based on the estimated useful life of assets using the straight-line method. A complete review of the useful lives of acquired non-current assets is performed regularly. Any material adjustments are reflected prospectively in the depreciation schedule.

The main useful lives applied are as follows:

- Buildings: 20 to 25 years
- Fixtures and fittings: 10 years
- Technical facilities: 6 to 10 years
- Equipment and tooling: 6 to 10 years
- General facilities, miscellaneous fixtures and fittings: 10 years
- Office equipment: 5 years
- IT equipment: 5 years
- Furniture: 10 years

2.2.7. Assets held for sale

Assets held for sale comprise monetary UCITS pledged as collateral to creditors that granted loans to the Company.

These UCITS units are blocked in a pledged-asset account. Consequently, they do not qualify as cash equivalents within the meaning of *IAS 7 – Statement of Cash Flows* and are included in financial assets held for sale.

In accordance with IAS 39 – Financial Instruments: Recognition and Measurement, unrealized gains on UCITS units are recorded in other comprehensive income and expense. Unrealized losses are also recorded in other comprehensive income and expense unless there is a significant and prolonged decline in the fair value of the UCITS units below their historical acquisition cost, in which case the unrealized loss is recognized in net income (loss).

2.2.8. Other non-current assets

Other non-current assets were mainly made up of a long-term receivable related to the business combination of August 27, 2012 described in Note 2.1.2, “Significant events”. This was reclassified at December 31, 2016 under “Other current assets” and recovered in the first half of 2017.

These receivables were discounted to their present value and assessed for objective evidence of impairment. A financial asset is impaired when its carrying amount exceeds its recoverable amount as measured during impairment tests. The resulting impairment loss is recorded in net income (loss).

Other non-current assets also include deposit accounts that do not qualify as cash equivalents within the meaning of *IAS 7 – Statement of Cash Flows*.

2.2.9. Impairment of non-financial assets

In accordance with *IAS 36 – Impairment of Assets*, depreciated and amortized assets should be tested for impairment whenever specific events or circumstances indicate that their carrying amount may exceed their recoverable amount. The excess of the carrying amount of the asset over the recoverable amount is recognized as an impairment. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. Impaired non-financial assets are examined at each year-end or half-year closing date for a possible impairment reversal.

2.2.10. Inventories

In accordance with *IAS 2 – Inventories*, inventories are measured at the lower of cost (determined using the weighted average cost method) and net realizable value. In case of impairment, any write-down is recognized as an expense in recurring operating income (loss).

2.2.11. Trade and other receivables

Trade and other receivables are measured at nominal value, net of impairment where applicable.

2.2.12. Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash on hand and demand deposits, other short-term highly liquid investments with maturities of three months or less and subject to an insignificant risk of changes in value, as well as bank overdrafts that do not qualify as cash from financing activities.

Monetary UCITS may be recognized as cash equivalents when they:

- have an original maturity of three months or less;
- are readily convertible to a known cash amount;
- are subject to an insignificant risk of decrease in value.

Bank overdrafts are recorded in liabilities in the balance sheet under short-term debt.

2.2.13. Share capital

Ordinary shares are classified in shareholders' equity.

2.2.14. Share-based payments

At the Company's launch, the Company put in place a compensation plan settled in equity instruments in the form of share warrants awarded to employees (*Bons de souscription de parts de créateur d'entreprise*, BSPCE or BSPCE share warrants) and to a partner (*Bons de souscription d'actions*, BSA or BSA share warrants). In April 2017, two bonus share award plans were also set up. Details of these plans are provided in Note 2.4.8, "Shareholders' equity".

In accordance with *IFRS 2 – Share-based Payment,* the cost of transactions settled in equity instruments is recognized in expenses, offset by increases in equity, in the period in which the benefit is granted to the employee.

The value of the share has been determined by an independent expert using a combination of the following valuation methods:

- The market approach which indicates the value of a business by comparing it to companies whose market price is available and/or recent market transactions involving comparable companies or assets.
- The income approach which indicates the value of a business by discounting the expected future cash flows of the business to present value. This approach necessitates the use of the discounted cash flow method.

The measurement of the fair value of options incorporates the vesting conditions as described in Note 2.4.8, "Shareholders' equity – Share warrants".

In the event of sale or subsequent reissue of these equity instruments, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

2.2.15. Loans and borrowings

Bank loans are initially recognized at fair value, i.e., the issue proceeds (fair value of the consideration received) net of transaction costs incurred. Borrowings are subsequently measured at amortized cost, calculated using the effective interest rate method. Any difference between initial fair value and repayment value is recognized in the income statement over the life of the loan using the effective interest rate method.

The effective interest rate is the discount rate at which the present value of all future cash flows (including transaction costs) over the expected life of the loan, or where appropriate, over a shorter period of time, is equal to the loan's initial carrying amount.

2.2.16. Trade and other payables

Trade and other payables are initially recognized at nominal value, with the exception of suppliers with longer than normal settlement periods where the payable is initially recognized at fair value and subsequently measured at amortized cost, calculated using the effective interest rate method.

2.2.17. Current and deferred tax

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the French tax authorities, using tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

The income tax charge for the period comprises current tax due and the deferred tax charge. The tax expense is recognized in the income statement unless it relates to items recorded in other comprehensive income and expense or directly in equity, in which case the tax is also recorded in other comprehensive income and expense or directly in equity.

Current taxes

The current tax expense is calculated based on taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date. The Company regularly evaluates the policies it adopts where applicable tax laws for the preparation of its tax returns are open to interpretation. Provisions are made when appropriate on the basis of amounts expected to be payable to the French tax authorities.

The Company considers that the corporate value added tax (*cotisation sur la valeur ajoutée des entreprises*, CVAE) meets the definition of income tax as set out in *IAS 12 – Income Taxes*, and therefore records the CVAE in income tax expense. In accordance with IAS 12, the classification of CVAE as an income tax has resulted in the recognition of deferred taxes on income for all temporary differences at the end of the reporting period.

Deferred taxes

Deferred taxes are recognized when there are temporary differences between the carrying amount of assets and liabilities in the Company's financial statements and the corresponding tax base used to calculate taxable profit. Deferred taxes are not recognized if they arise from the initial recognition of an asset or liability in a transaction other than a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes concern the same entity and the same tax authority.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the deductible temporary difference can be utilized.

The recoverable amount of deferred tax assets is reviewed at the end of each reporting period and their carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized when it becomes probable that future taxable profit will be available to offset the temporary differences.

Deferred tax liabilities

Deferred tax liabilities are recognized for all taxable temporary differences, except when the Company is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

2.2.18. Provisions for retirement benefit obligations

Retirement benefit obligations

The Company operates a defined benefit pension plan. Its obligations in respect of the plan are limited to the payment of contributions which are expensed in the period in which the employees provided the corresponding service.

The liability recorded in the balance sheet in respect of defined benefit pension plans and other post-retirement benefits is the present value of the defined benefit obligation net of plan assets at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows, using the interest rate of high-quality corporate bonds of a currency and term consistent with the currency and term of the pension obligation concerned.

Actuarial gains and losses arise from the effect of changes in assumptions and experience adjustments (i.e., differences between the assumptions used and actual data). These actuarial gains and losses are recognized wholly and immediately in other comprehensive income and expense and are not subsequently reclassified.

The net expense in respect of defined benefit obligations recognized in the income statement for the period corresponds to:

- The service cost for the period (acquisition of additional rights).
- The interest cost.
- The past service cost.
- The impact of any plan settlements.

The effect of unwinding the obligation is recognized in net financial income and expenses.

Termination benefits

Termination benefits are payable when a company terminates an employee's employment contract before the normal retirement age or when an employee accepts compensation as part of a voluntary redundancy. In the case of termination benefits, the event that gives rise to an obligation is the termination of employment rather than employee service. In the case of an offer made to encourage voluntary redundancy, termination benefits are measured based on the number of employees expected to accept the offer.

Profit-sharing and bonus plans

The Company recognizes a liability and an expense for profit-sharing and bonus plans based on a formula that takes into account the Company's performance.

2.2.19. Other provisions

In accordance with *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, a provision should be recognized when: (i) an entity has a present legal or constructive obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Provisions for restructuring include termination benefits. No provisions are recognized for future operating losses.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

The provision represents the best estimate of the amount required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision corresponds to the present value of the expected costs that the Company considers necessary to settle the obligation. The pre-tax discount rate used reflects current market assessments of the time value of money and specific risks related to the liability. The effect of unwinding discounts on provisions due to the time value of money is recognized in net financial income and expenses.

2.2.20. Revenue

In accordance with *IAS 18 – Revenue*, when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the end of the reporting period can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Collaboration agreements and licenses

At present, Inventiva's revenue is generated mainly by licensing agreements and R&D projects conducted in partnership with the AbbVie and Boehringer Ingelheim pharmaceutical companies (see the note on significant events). These contracts generally contain many different types of clauses covering such things as up-front fees payable when the agreements are signed and milestone payments corresponding to the achievement of certain pre-defined development milestones, lump-sum payments to finance R&D expenditure and royalties on future product sales.

Up-front fees payable when agreements are signed in exchange for access to technology are recognized immediately as revenue once the following two cumulative criteria are met: the amounts are non-refundable and the Company does not have any future development commitment. Otherwise, the amounts are initially recorded as deferred income and then recognized as revenue over the estimated period of Inventiva's involvement in future developments. This period is revised on a regular basis.

Milestone payments are amounts received from partners within the scope of collaboration programs and they are contingent on the achievement of certain scientific, regulatory or marketing objectives. Milestone payments are recognized as revenue once the obligating event has actually occurred and there are no outstanding conditions precedent. Obligating events may consist of scientific results obtained by the Company or the partner, or regulatory authorization, or marketing of products developed within the scope of the agreement.

Revenue related to the financing of R&D expenditure – essentially consisting of rebilled payroll expenditure – is recognized as and when this expenditure is incurred.

Revenue from royalties corresponds to Inventiva's contractual entitlement to a percentage of the product sales achieved by its counterparties. Royalties are recognized in revenue on an accrual basis in accordance with the terms of the agreement once sales can be determined in a reliable manner and the Company is reasonably sure that it will be able to recover the related receivables.

Sales of products and services

Amounts generated from sales of products and services are recognized as revenue once the risks and rewards of ownership have been transferred to the buyer. Amounts received in consideration for research services provided are also recognized as revenue once these services are charged based either on time spent or prorated over the term of the contract in the event of payment of a fixed amount.

Rebilling of rent and rental charges

Expenses incurred under leases contracted by Inventiva are rebilled on a monthly basis in line with the contractual payment dates.

2.2.21. Other recurring operating income

CIR research tax credit

CIR research tax credits are granted by the French government to encourage companies to undertake technical and scientific research. Companies which provide evidence of costs that meets the required criteria (research spending in France or, since January 1, 2005, in the European Union or in another member state of the European Economic Area that has signed a tax treaty with France containing an administrative assistance clause) are eligible for tax credits which may be used for the payment of income tax due during the period in which the cost is incurred or during the following three reporting periods. Alternatively, any excess may be refunded where applicable.

Inventiva has been eligible for the CIR research tax credit since its first financial period.

It should be noted that from 2011, only those companies meeting the EU definition of an SME are eligible for prepayment of their research tax credit. Inventiva has ensured that it meets the EU definition of an SME and therefore continues to be eligible for prepayment.

The tax credit used to finance research expenses is recognized in "Other recurring operating income" during the reporting period in which the eligible expenditure is incurred.

Disposals of non-current assets

Income from the disposal of non-current assets during the period is recognized in "Other operating income".

Subsidies

The Company receives subsidies from several public bodies. The subsidies are related to net income and granted to compensate for incurred expenses. They are therefore recognized in net income for the period in which it becomes reasonably certain that they will be received, in other operating income.

2.2.22. Net financial income

Financial income

Financial income includes:

- The "Income from cash and cash equivalents" line item, which includes income from short-term investments remeasured at fair value at the end of each reporting period.
- Gains from unwinding discounting.
- Other financial income.

Financial expenses

Financial expenses primarily include:

- Interest cost.
- Foreign exchange losses.
- Losses from unwinding discounting
- Other financial expenses.

2.2.23. Non-recurring operating income and expenses

Non-recurring operating income and expenses are disclosed separately on the face of the income statement. This line item is set aside for major events that may arise during the period whose presentation within other items (relating to ordinary activities) could be misleading for users of the financial statements in their understanding of the Company’s performance. This item therefore includes income and expenses that are rare, unusual and infrequent, that represent material amounts and that the Company discloses separately on the face of the income statement to facilitate understanding of recurring operating performance.

Non-recurring operating income and expenses for the year ended December 31, 2017 solely reflected transaction costs related to the IPO that were recognized using the method described in Note 2.1.2, “Significant events”, and the sale of a real estate asset in the first-half of 2017.

Items similar in nature but which do not have the characteristics noted above are recognized in recurring operating income (loss).

2.3.Financial risk management

2.3.1. Financial risk factors

The Company's activities expose it to various types of financial risk: foreign exchange risk, credit risk and liquidity risk.

Foreign exchange risk

The Company's activities expose it to foreign exchange risk on purchases made in foreign currencies. Foreign currency purchases are mainly made in US dollars, pounds sterling or Swiss francs.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as from client exposures.

The Company's exposure to credit risk chiefly relates to trade receivables. The Company has put in place a system to closely monitor its receivables and their payment and clearance.

Generally, the Company is not exposed to a concentration of credit risk.

Liquidity risk

Liquidity risk management aims to ensure that the Company readily disposes of enough liquidities and financial resources to be able to meet present and future obligations.

The Company prepares short-term cash forecasts and annual operating cash flow forecasts as part of its budget procedures.

Prudent liquidity risk management involves maintaining sufficient liquidities, having access to financial resources through appropriate credit facilities and being able to unwind market positions.

2.4.Notes to the balance sheet

2.4.1. Intangible assets

In euros	Jan. 1, 2017	Increases	Disposals	Reclassifications	Dec. 31, 2017
Development costs	-	-	-	-	-
Patents, licenses and trademarks	2,141,657	-	-		2,141,657
Software	1,290,329	107,521	-	-	1,397,850
Other intangible assets	-	-	-		
Intangible assets, gross	**3,431,986**	**107,521**	**-**	**-**	**3,593,507**
Amortization and impairment of capitalized development costs	-	-	-	-	-
Amortization and impairment of patents, licenses and trademarks	(663,152)	(164,721)	-	-	(827,872)
Amortization and impairment of software	(695,534)	(210,013)	-	-	(905,547)
Amortization and impairment of other intangible assets	-	-	-	-	-
Amortization and impairment	**(1,358,686)**	**(374,734)**	**-**	**-**	**(1,733,420)**
Intangible assets, net	**2,073,300**	**(267,213)**	**-**	**-**	**1,806,087**

In euros	Jan. 1, 2016	Increases	Disposals	Reclassifications	Dec. 31, 2016
Development costs	-	-	-	-	-
Patents, licenses and trademarks	2,132,089	9,568	-		2,141,657
Software	1,212,059	16,494	(74)	61,850	1,290,329
Other intangible assets	-	-	-		
Intangible assets, gross	**3,344,148**	**26,062**	**(74)**	**61,850**	**3,431,986**
Amortization and impairment of capitalized development costs	-	-	-	-	-
Amortization and impairment of patents, licenses and trademarks	(498,775)	(164,376)	-	-	(663,152)
Amortization and impairment of software	(470,310)	(225,298)	74	-	(695,534)
Amortization and impairment of other intangible assets	-	-	-	-	-
Amortization and impairment	**(969,086)**	**(389,674)**	**-**	**-**	**(1,358,686)**
Intangible assets, net	**2,375,063**	**(363,612)**	**-**	**61,850**	**2,073,300**

Changes during the period mainly correspond to amortization charges of €374,734 and acquisitions (chiefly related to software) in an amount of €107,521.

In the absence of any indication of a loss of value, no impairment tests have been performed on amortizable intangible assets.

2.4.2. Property, plant and equipment

In euros	Jan. 1, 2017	Increases	Disposals	Reclassifications	Dec. 31, 2017
Land	172,000	-	-	-	172,000
Buildings	3,457,045	-	(50,000)	-	3,407,045
Technical facilities, equipment and tooling	4,197,985	91,968	(22,461)	-	4,627,492
Other property, plant and equipment	875,081	161,570	(13,390)	-	1,023,261
Property, plant and equipment in progress	2,600	66,970	-	(2,600)	66,970
Property, plant and equipment, gross	**8,704,711**	**320,508**	**(85,851)**	**(2,600)**	**8,936,768**
Depreciation and impairment of buildings	(959,785)	(207,455)	23,447	-	(1,143,793)
Depreciation and impairment of technical facilities, equipment and tooling	(2,236,718)	(391,556)	19,900	-	(2,608,374)
Depreciation and impairment of other property, plant and equipment	(550,662)	(131,160)	13,392	-	(668,430)
Depreciation and impairment	**(3,747,164)**	**(730,171)**	**56,739**	**-**	**(4,420,596)**
Property, plant and equipment, net	**4,957,547**	**(409,663)**	**(29,112)**	**(2,600)**	**4,516,171**

In euros	Jan. 1, 2016	Increases	Disposals	Reclassifications	Dec. 31, 2016
Land	172,000	-	-	-	172,000
Buildings	3,462,930	-	(5,885)	-	3,457,045
Technical facilities, equipment and tooling	4,053,115	146,320	(1,451)	-	4,197,984
Other property, plant and equipment	795,091	52,956	-	27,034	875,081
Property, plant and equipment in progress	88,884	2,600	-	(88,884)	2,600
Property, plant and equipment, gross	**8,572,020**	**201,876**	**(7,336)**	**(61,850)**	**8,704,710**
Depreciation and impairment of buildings	(747,431)	(213,929)	1,575	-	(959,785)
Depreciation and impairment of technical facilities, equipment and tooling	(1,827,600)	(409,569)	452	-	(2,236,717)
Depreciation and impairment of other property, plant and equipment	(424,164)	(126,498)	-	-	(550,662)
Depreciation and impairment	**(2,999,194)**	**(749,996)**	**2,027**	**-**	**(3,747,163)**
Property, plant and equipment, net	**5,572,826**	**(548,120)**	**(5,309)**	**(61,850)**	**4,957,547**

Changes during the period mainly correspond to depreciation charges of €730,171 and acquisitions (chiefly related to other property, plant and equipment such as research equipment, scientific applications and components for the chemical library) in an amount of €320,508.

In the absence of any indication of a loss of value, no impairment tests have been performed on property, plant and equipment.

2.4.3. Assets held for sale

In euros	Dec. 31, 2017	Dec. 31, 2016
Financial instruments pledged as collateral	-	149,001
Assets held for sale	**-**	**149,001**

Changes during the period correspond to the release of a pledge given as collateral for a loan agreed with Crédit Agricole in April 2015 for €285,000.

2.4.4. Other non-current assets

In euros	Dec. 31, 2017	Dec. 31, 2016
Long-term deposit accounts	238,621	236,823
Tax loss carry back	333,333	-
Other non-current assets	**571,954**	**236,823**

Long-term deposit accounts correspond to:

- The pledge of a deposit account with a balance of €138,346 as collateral for the €178,300 loan from CIC-Lyonnaise de Banque agreed in May 2015.
- The pledge of a gradual rate deposit account with a balance of €100,274 as collateral for the €254,000 loan from Société Générale agreed in July 2015.
- A tax credit resulting from loss carry backs recognized during the period and recoverable over the next five years.

2.4.5. Inventories

In euros	Dec. 31, 2017	Dec. 31, 2016
Laboratory inventories	473,129	471,879
Total inventories	**473,129**	**471,879**

2.4.6. Trade and other receivables

Trade receivables

Trade receivables break down as follows:

In euros	Dec. 31, 2017	Dec. 31, 2016
3 months or less	64,223	771,131
Between 3 and 6 months	-	-
Between 6 and 12 months	-	-
More than 12 months	-	-
Trade receivables	**64,223**	**771,131**

The majority of trade receivables relate to research partnership and services revenues. The average payment period is 45 days. Changes during the period primarily correspond to receivables under the AbbVie Master Research Services Agreement (MRSA), the balance of which fluctuates depending on the billing schedule for projects in progress.

Other current assets and receivables

In euros	Dec. 31, 2017	Dec. 31, 2016
CIR research tax credit	4,320,920	4,172,163
CICE tax credit	140,766	134,691
Income tax	-	(576,101)
Other	1,853	-
Tax receivables	**4,463,539**	**3,730,753**
Prepaid expenses	836,001	1,587,766
Recoverable sales taxes	1,072,078	932,433
Other miscellaneous receivables	1,259,913	2,711,186
Other receivables	**3,167,992**	**5,231,385**
Other current assets	-	6,175,777
Other current assets and receivables	**7,631,531**	**15,137,915**

The majority of prepaid expenses correspond to disposables, IT maintenance costs, patent maintenance fees and insurance contributions paid in respect of first quarter 2018.

Recoverable sales taxes are composed of deductible VAT and claimed VAT refunds.

At December 31, 2016, other receivables included an accrued receivable of €2,500,000 in respect of a milestone payment as part of the Company's partnership with AbbVie, which was received on February 10, 2017.

The change in other current assets primarily reflects the reception of the final payments related to the business combination of August 27, 2012, as described in Note 2.1.2 of the financial statements for the year ended December 31, 2016.

2.4.7. Cash and cash equivalents

	Dec. 31, 2017	Dec. 31, 2016
UCITS and certificates of deposit	5,045,522	6,179,561
Other cash equivalents	36,277,248	14,988,979
Cash at bank and at hand	17,728,450	3,699,034
Cash and cash equivalents	**59,051,220**	**24,867,573**
Bank overdrafts	(3,111)	(3,122)
Net cash and cash equivalents	**59,048,109**	**24,864,451**

At December 31, 2017, the €34,183,658 year on year increase in cash and cash equivalents is mainly attributable to the initial public offering completed in February 2017 (see Note 2.1.2, “Significant events”).

2.4.8. Shareholders' equity

Share capital

The share capital is set at €164,445, against €100,300 at December 31, 2016.

As of January 1, 2017, the share capital was divided into 10,030,000 fully paid-up shares with a par value of €0.01 each. Pursuant to the delegation granted by the Annual General Meeting of September 30, 2016 in its tenth resolution (concerning principally the issuance of new ordinary shares without pre-emptive subscription rights through public offerings in connection with the IPO), the Board of Directors decided on February 14, 2017 to issue 5,651,240 new shares with a par value of €0.01 each at an issue price of €8.50 per share (including an issue premium of €8.49 per share), for a nominal capital increase amount of €56,512.40 plus a total premium of €47,979,027.60 (before deduction of related costs).

Consequently, the share capital increased from €100,300 to €156,812.40 as of February 14, 2017. As the new shares are identical in every way to existing ordinary shares, the number of fully-paid up shares therefore stood at 15,681,240 at February 14, 2017.

Pursuant to the authorization granted by the Annual General Meeting of September 30, 2016 in its fourteenth resolution and in accordance with Article L. 225-135-1 of the French Commercial Code (*Code de commerce*), the Board of Directors decided on March 16, 2017 to increase the share capital in an amount of €470,364.50 by way of the issuance without pre-emptive subscription rights of 55,337 additional new shares with a par value of €0.01 each, corresponding to the exercise of 19.58% of the over-allotment option. In accordance with Article L. 225-135-1 of the French Commercial Code, the issue price of the 55,337 additional new shares was set at €8.50 (i.e., including an issue premium of €8.49 per ordinary share), representing a gross total subscription amount of €470,364.50 (of which

€469,811.13 corresponds to the total issue premium). Consequently, the share capital increased as of March 16, 2017 from €156,812.40 (comprised of 15,681,240 ordinary shares with a par value of €0.01 each) to €157,365.77 rounded in accordance with the rounding rules usually applied to euros (comprised on 15,736,577 ordinary shares with a par value of €0.01 each).

In the period between March 20 and March 27, 2017, Company employees were able to exercise a certain number of BSPCE share warrants resulting in the issue of 557,900 new shares. ISLS Consulting also exercised its 150,000 BSA share warrants over the period, resulting in the creation of 150,000 new shares. At the end of March 2017, the number of outstanding shares had increased by 707,900 units to a total of 16,444,477. The Board of Directors recognized this capital increase at its meeting of April 18, 2017.

At December 31, 2017, the Company's share capital comprised 16,444,477 shares.

Liquidity agreement

As disclosed in Note 2.1.2, "Significant events", on February 22, 2017, after being admitted to trading on the Euronext market, Inventiva entered into a three-year liquidity agreement authorizing the ISP to independently buy and sell Inventiva treasury shares.

Share warrants

Share warrants correspond to:

- BSPCE share warrants granted to the Company's employees.
- BSA share warrants granted to Company directors with a subscription price set at €0.534.

BSPCE plans

At December 31, 2017, 216,500 BSPCE share warrants were outstanding. Each BSPCE share warrant corresponds to one share. They are exercisable until December 31, 2023, after which date they will be forfeited.

The exercise price of the BSPCE share warrants is fixed at:

- €0.585, including a €0.575 share premium for BSPCE share warrants granted in 2013.
- €0.67, including a €0.66 share premium for BSPCE share warrants granted in 2015.

This price may not be changed during the plan's lifetime except in the event that adjustments are required as part of financial transactions having an impact on the Company's share capital.

The new shares will be assimilated into existing ordinary shares of the same category from the time of their issuance. If the shares are quoted on a regulated market, they will be recorded in the Company's share register and will not be convertible into bearer shares.

The share warrants will be forfeited if for any reason the beneficiary's salaried position within the Company is terminated.

BSA plans

At December 31, 2017, 195,000 BSA share warrants were outstanding. Each BSA share warrant corresponds to one share. They are exercisable until December 31, 2023, after which date they will be forfeited.

The exercise price of the BSA share warrants is fixed at:

- €0.67, including a €0.66 share premium for BSA share warrants granted in 2015.
- €0.53, including a €0.52 share premium for BSA share warrants granted in 2017.

This price may not be changed during the plan's lifetime except in the event that adjustments are required as part of financial transactions having an impact on the Company's share capital.

Movements in BSPCE and BSA share warrants

Year 2017

Type	Grant date	Exercise price (in euros)	Outstanding at Dec. 31, 2016	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2017	Number of shares under option
BSA – 2015 Plan	May 28, 2015	0.67	150,000	-	(150,000)	-	-	-
BSPCE – 2015 Plan	May 28, 2015	0.67	219,600	-	(89,900)	(70,700)	59,000	59,000
BSPCE – 2013 Plan	Dec. 25, 2013	0.59	835,500	-	(468,000)	(210,000)	157,500	157,500
BSA – 2017 Plan	May 29, 2017	0.53	-	195,000	-	-	195,000	195,000

Year ended December 31, 2016

Type	Grant date	Exercise price (in euros)	Outstanding at Dec. 31, 2015	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2016	Number of shares under option
BSA – 2015 Plan	May 28, 2015	0.67	150,000	-	-	-	150,000	150,000
BSPCE – 2015 Plan	May 28, 2015	0.67	219,600	-	-		219,600	219,600
BSPCE – 2013 Plan	Dec. 25, 2013	0.585	855,700	-	-	20,200	835,500	835,500

BSA share warrants exercised during the period correspond to the entire BSA – 2015 Plan, exercised by ISLS Consulting on March 20, 2017, whereupon this company became the owner of 150,000 new ordinary shares with a par value of €0.01 each.

The change in BSPCE share warrants over the period can be broken down as follows:

- Exercise of 5,579 BSPCE share warrants by Company employees between March 20 and March 27, 2017, whereupon 557,900 new shares were issued.
- Cancellation of a total of 2,455 BSPCE share warrants (2,031 relating to BSPCE – 2013-1, and 424 under the BSPCE – 2015 Plan), corresponding to a tranche of the plans that would only vest if the Company achieved revenue of €18 million. As this performance condition was not met, the warrants were canceled.
- Cancellation of 352 BSPCE share warrants (69 relating to the BSPCE – 2013 Plan, and 283 under the BSPCE – 2015 Plan) which were forfeited during the period.

Share-based payment expenses totaled €165,209 at December 31, 2017 (compared to €38,809 at December 31, 2016) and were recognized in personnel costs (see Note 2.5.3, "Personnel costs and headcount").

Bonus shares

Bonus share award plans

On April 18, 2017, the Company's Board of Directors approved two bonus share award plans for certain Company employees:

The plans have the following characteristics:
- A two-year vesting period for AGA 2017-1 shares.
- A one-year vesting period for AGA 2017-2 shares.
- A one-year lock-up period.
- A service condition.
- No performance conditions.

The fair value of Inventiva bonus shares corresponds to the Inventiva share price less a discount to reflect the lock-up period. At the award date, the fair value of each bonus share was estimated at €7.04.

Bonus share movements

Type	Grant date	Exercise price (in euros)	Outstanding at Dec. 31, 2016	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2017	Number of shares under option
AGA – 2017-1 Plan	April 18, 2017	7.35	-	82,300	-	(2,400)	79,900	79,900
AGA – 2017-2 Plan	April 18, 2017	7.35	-	60,000	-		60,000	60,000

At December 31, 2017, a total of 139,900 bonus shares were outstanding. AGA 2017-1 bonus shares are exercisable from April 18, 2019 to April 18, 2020, subject to continued employment. AGA 2017-2 bonus shares are exercisable from April 18, 2018 to April 18, 2021, subject to continued employment.

Share-based payment expenses totaled €492,554 at December 31, 2017 (compared to zero at December 31, 2016) and were recognized in personnel costs (see Note 2.5.3, "Personnel costs and headcount").

The new shares will be assimilated into existing ordinary shares of the same category from the time of their issuance. If the shares are quoted on a regulated market, they will be recorded in the Company's share register and will not be convertible into bearer shares.

Basic and diluted earnings per share

Basic earnings (loss) per share are calculated by dividing net income (loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

In euros	Dec. 31, 2017	Dec. 31, 2016
Net income (loss) for the period	(17,229,085)	(7,045,045)
Number of shares	15,516,344	10,030,000
Basic loss per share	**(1.11)**	**(0.70)**
Adjusted net income (loss) for the period	(17,229,085)	(7,045,045)
Dilutive effect of exercising share warrants	292,563	-
Diluted loss per share	**(1.09)**	**(0.70)**

Diluted earnings (loss) per share in first-half 2017 included the dilutive impact of share-based payment plans (BSAs, BSPCEs and AGAs) calculated using the share buyback method.

2.4.9. Debt

	Dec. 31, 2017	Dec. 31, 2016
Bank borrowings	364,301	510,048
Other loans and similar borrowings(1)	117,764	117,556
Accrued interest on borrowings	-	-
Total debt	**482,065**	**627,604**
Effect on interest calculations of using amortized cost	-	-
Effect of spreading debt issuance costs over time	-	-
Total repayment value of bank borrowings and debt	**482,065**	**627,604**

(1) O/w current bank overdraft facilities – in 2016, these were included in bank borrowings.

Changes during the period mainly correspond to repayment of borrowing in the amount of €142,636.

Other loans and similar borrowings, which correspond to a guarantee agreement signed with Coface, were repaid in full in the first quarter of 2018.

The breakdown between long-term and short-term debt is as follows:

December 31, 2017 (in euros)	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Bank borrowings	144,369	219,933	-	-
Other loans and similar borrowings	117,764	-	-	-
Accrued interest on borrowings	-	-	-	-
Total debt	**262,133**	**219,933**	**-**	**-**

December 31, 2016 (in euros)	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Bank borrowings	142,624	293,572	70,730	-
Other loans and similar borrowings	3,122	117,556	-	-
Accrued interest on borrowings	-	-	-	-
Total debt	**145,746**	**411,128**	**70,730**	**-**

The maturity of long-term debt and of short-term borrowings and debt is determined according to repayment estimates as at December 31, 2017.

2.4.10. Deferred taxes

Deferred tax assets and liabilities are offset when a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities concern income taxes levied by the same tax authority. Amounts are presented in the table below:

In euros	Dec. 31, 2017	Dec. 31, 2016
Deferred tax assets	252,683	194,604
Deferred tax liabilities	-	(3,012,580)
Net deferred tax liability	**252,683**	**(2,817,976)**

Gross changes in deferred taxes are set out below:

In euros	Dec. 31, 2017	Dec. 31, 2016
At beginning of period	**(2,817,975)**	**(8,927,758)**
Income (expense) in the income statement	3,075,281	6,094,142
Debit (credit) in other comprehensive income	4,622	15,641
At end of period	**261,928**	**(2,817,976)**

The change in deferred tax assets and liabilities during the period, excluding offsetting within the same tax jurisdiction, is broken down as follows:

Deferred tax assets (in euros)	Employee benefits	Provisions	Other	Total
January 1, 2016	**156,874**	**-**	**-**	**156,874**
Income (expense) in the income statement	20,889	-	-	20,889
Debit (credit) in other comprehensive income	16,842	-	-	16,842
December 31, 2016	**194,604**	**-**	**-**	**194,604**
January 1, 2017	**194,604**	**-**	**-**	**194,604**
Income (expense) in the income statement	53,796	-	-	53,796
Debit (credit) in other comprehensive income	4,283	-	-	4,283
December 31, 2017	**252,683**	**-**	**-**	**252,683**

The material changes in deferred taxes presented in the balance sheet for the two reporting periods mainly correspond to the reduction in the temporary difference related to the IFRS treatment of the business combination of August 27, 2012 (see Note 2.1.2, “Significant events”):

Deferred tax liabilities (in euros)	TOTAL
January 1, 2016	**(9,084,632)**
Income (expense) in the income statement	6,073,253
Debit (credit) in other comprehensive income	(1,201)
December 31, 2016	**(3,012,580)**
January 1, 2017	**(3,012,580)**
Income (expense) in the income statement	3,012,919
Debit (credit) in other comprehensive income	(339)
December 31, 2017	**-**

2.4.11. Provisions

A provision for tax contingencies for an amount of €477,494 was recognized in the financial statements for the year ended December 31, 2017 in respect of the CIR research tax credit for the years ended December 31, 2014, December 31, 2015 and December 31, 2016.

- **Payroll taxes**

On December 15, 2016, the Company received a payroll tax deficiency notice from the French tax authorities in respect of the year ended December 31, 2013. The proposed adjustment relates to the classification of the subsidy granted (subject to conditions) in 2012 by Laboratoire Fournier (LFSA) (Abbott Group) under the Asset Purchase Agreement (APA) as a one-off item, and the resulting impact on payroll taxes. The proposed adjustment amounts to €0.6 million, including penalties and late payment interest.

In a further deficiency notice sent on July 28, 2017, the French tax authorities extended the scope to include the years ended December 31, 2014 and December 31, 2015. As a result, the total amount of the proposed adjustment now stands at €1.8 million, excluding penalties and late payment interest. Since payroll taxes are deductible from corporate taxable income, if the adjustment is enforced it would give rise to a corresponding decrease in income tax payable, calculated based on the tax rates applicable to the Company for the fiscal years concerned by adjustment. In this event, the net impact of the adjustment would amount to €1.2 million.

The Company disputes this proposed tax reassessment. In addition, under the terms of the Additional Agreement attached to the Asset Purchase Agreement (APA), LFSA agreed to indemnify the Company up to a maximum amount of €2 million in accordance with the conditions described therein, in case of any amount claimed by the French tax authorities in relation to the accounting treatment of the subsidy paid by LFSA and subject to specific conditions. This guarantee covers the entire five-year payment period (2012 to 2017). Since the maximum risk as assessed by Management is covered in full by this guarantee, the Company has not set aside any provisions in the financial statements with regard to this dispute.

- **CIR research tax credit**

In February 2017, the Company received an expert report prepared by the French Regional Research and Technology Authority (*Délégation régionale à la recherche et à la technologie*, DRRT) which sets out the findings of a review of the CIR research tax credit for the years ended December 31, 2013, December 31, 2014 and December 31, 2015, and disputes the manner in which certain CIR items were calculated.

At the end of 2016, the Company deemed that there was a present obligation likely to result in an outflow of resources and therefore recognized a provision as at December 31, 2016 in the amount of €346,408.

The Company received a tax deficiency notice on July 28, 2017 amounting to €1.8 million, excluding penalties and late payment interest. This chiefly concerns:

- The innovative nature of certain sub-contracting services.
- The exhaustivity of the technical documentation on certain eligible scientific projects.
- The eligibility of certain activities.

The Company challenged this tax deficiency notice in a reply sent to the French tax authorities on September 29, 2017. An additional provision of €131,086 was set aside in 2017, giving a total provision of €477,494 at December 31, 2017. On February 6, 2018, the French tax authorities responded to the Company's challenge of the tax deficiency notice maintaining the validity of all reassessments presented in that document. The Company used every means available to it to contest this position (see section 2.1.6.1 "Tax audit" of this Registration Document).

2.4.12. <u>Provisions for retirement benefit obligations</u>

Retirement benefit obligations are determined based on the rights set forth in the national collective bargaining agreement for the French pharmaceutical industry (IDCC 176/Brochure 3104) and in accordance with *IAS 19 – Employee Benefits*. These rights depend on the employee's final salary and seniority within the Company at his/her retirement date.

Principal actuarial assumptions

The following assumptions were used to measure the obligation:

Variables	Dec. 31, 2017	Dec. 31, 2016
Retirement age	65 years	65 years
Payroll taxes	41.41%	41.41%
Salary growth rate	2%	2%
Discount rate	1.30%	1.36%
Mortality table	TGH/TGF 05	TGH/TGF 05

The discount rate corresponds to the rates of Eurozone AA-rated corporate bonds with maturities of over ten years.

Net provision

The provision recorded in respect of defined benefit schemes at the end of each reporting period is shown in the table below:

In euros	**Dec. 31, 2017**	**Dec. 31, 2016**
Retirement benefit obligations	865,994	695,015
Fair value of plan assets	-	-
Obligation	**865,994**	**695,015**

Given the absence of plan assets at December 31, 2017 and December 31, 2016, the total amount of the provision corresponds to the estimated obligation at those dates.

Change in net provision

The change in the provision recorded in respect of defined benefit schemes breaks down as follows:

In euros	**Dec. 31, 2017**	**Dec. 31, 2016**
Provision at beginning of period	**(695,015)**	**(470,622)**
Expense for the period	(194,276)	(164,245)
Actuarial gains or losses recognized in other comprehensive income	15,298	(60,148)
Benefits for the period	7,999	-
Provision at end of period	**(865,994)**	**(695,015)**

Breakdown of expense recognized for the period

The expense recognized in the income statement amounted to €194,276 in 2017 and €164,245 in 2016 and breaks down as follows:

In euros	Dec. 31, 2017	Dec. 31, 2016
Service cost for the period	176,825	155,162
Interest cost for the period	9,452	9,083
Past service cost (plan curtailments and modifications)	7,999	-
Interest income from plan assets	-	-
Impact of plan settlements and other	-	-
Acquisitions	-	-
Total	**194,276**	**164,245**

Breakdown of actuarial gains and losses recognized in equity

The actuarial gain of €15,298 in 2017 and loss of €60,148 in 2016 can be analyzed as follows:

In euros	Dec. 31, 2017	Dec. 31, 2016
Demographic changes	(23,077)	1,020
Changes in actuarial assumptions	7,779	59,128
Total	**(15,298)**	**60,148**

Demographic differences mainly relate to salary adjustments and staff movements.

Changes in actuarial assumptions relate to movements in the discount rate, which increased from 1.93% at year-end 2015 to 1.36% at year-end 2016 and subsequently decreased to 1.30% at December 31, 2017.

Sensitivity analysis

A 0.25% change in the discount rate would have had an impact of approximately 3.8% on the obligation amount in 2017 and around 4% in 2016.

December 31, 2017	In euros
Benefit obligation at December 31, 2017 at 1.05%	899,787
Benefit obligation at December 31, 2017 at 1.30%	865,994
Benefit obligation at December 31, 2017 at 1.61%	833,820

December 31, 2016	In euros
Benefit obligation at December 31, 2016 at 1.11%	723,747
Benefit obligation at December 31, 2016 at 1.36%	695,015
Benefit obligation at December 31, 2016 at 1.61%	667,701

2.4.13. Trade and other payables

In euros	Dec. 31, 2017	Dec. 31, 2016
Trade and other payables	5,381,691	4,364,428
Other payables	3,150,855	4,091,049
Total trade and other payables	**8,532,546**	**8,455,477**

Trade and other payables break down by payment date as follows:

In euros	Dec. 31, 2017	Dec. 31, 2016
Due in 30 days	5,159,364	4,223,279
Due in 30-60 days	22,327	141,148
Due in more than 60 days	-	-
Trade and other payables	**5,381,691**	**4,364,428**

No calculations have been made to discount trade and other payables to present value, as payment is always due within one year at the end of each reporting period.

2.4.14. Other current liabilities

In euros	Dec. 31, 2017	Dec. 31, 2016
Short-term debt	**266,133**	**145,746**
Tax liabilities	**-**	**-**
Employee-related payables	976,263	1,126,602
Accrued payroll and other employee-related taxes	937,166	880,771
Sales tax payables	433,909	191,937
Other accrued taxes and employee-related expenses	166,178	165,850
Amounts payable on non-current assets	-	-
Other miscellaneous payables	44,689	47,453
Deferred income	592,650	1,678,435
Other payables	**3,150,855**	**4,091,049**
Other current liabilities	**3,416,988**	**4,236,795**

No calculations have been made to discount other current liabilities to present value, as payment is always due within one year at the end of each reporting period.

Accrued payroll and other employee-related taxes mainly relate to payables to social security and employee-benefit organizations such as URSSAF, KLESIA and APGIS for last-quarter 2017.

Other accrued taxes and employee-related expenses concern provisions for payroll taxes, such as professional training charges, apprenticeship tax and the employer's contribution to construction investment in France.

At December 31, 2017, deferred income mainly related to the Company's Master Research Services Agreement with AbbVie for €592,500. At December 31, 2016, deferred income mainly related to the Company's Master Research Services Agreement with AbbVie for €1,511,618 (see Note 2.1.2, “Significant events”) and the agreement with Boehringer Ingelheim for €166,667.

2.4.15. Financial assets and liabilities

Balance sheet assets – In euros	December 31, 2017 Loans and receivables	Assets carried at fair value through profit or loss	Assets held for sale	Investments held to maturity	Total
Assets held for sale	-	-	-	-	-
Other non-current assets	238,621	-	-	-	238,621
Trade receivables	64,223	-	-	-	64,223
Other receivables	3,167,992	-	-	-	3,167,992
Other current assets	-	-	-	-	-
Cash and cash equivalents	54,005,698	5,045,522	-	-	59,051,220
Total	**57,476,533**	**5,045,522**	**-**	**-**	**62,522,055**

Balance sheet liabilities – In euros	Liabilities carried at fair value through profit or loss	Liabilities carried at amortized cost	Total
Long-term debt	-	219,933	219,933
Short-term debt	-	262,133	262,133
Trade and other payables	-	5,381,691	5,381,691
Other payables	-	42,289	42,289
Total	**-**	**5,906,046**	**5,906,046**

Balance sheet assets – In euros	December 31, 2016 Loans and receivables	Assets carried at fair value through profit or loss	Assets held for sale	Investments held to maturity	Total
Assets held for sale	-	-	149,001	-	149,001
Other non-current assets	236,823	-	-	-	236,823
Trade receivables	771,131	-	-	-	771,131
Other receivables	137,778	-	-	-	137,778
Other current assets	6,175,777	-	-	-	6,175,777
Cash and cash equivalents	18,688,013	6,179,561	-	-	24,867,573
Total	**26,009,522**	**6,179,561**	**149,001**	**-**	**32,338,084**

Balance sheet liabilities – In euros	Liabilities carried at fair value through profit or loss	Liabilities carried at amortized cost	Total
Long-term debt	-	481,858	481,858
Short-term debt	-	145,746	145,746
Trade and other payables	-	4,364,428	4,364,428
Other payables	-	47,453	47,453
Total	**-**	**5,039,485**	**5,039,485**

2.5. Notes to the income statement

2.5.1. Operating income

In euros	Dec. 31, 2017	Dec. 31, 2016
Sales	6,520,816	9,445,644
Revenue	**6,520,816**	**9,445,644**
Subsidies	832,558	732,626
CIR research tax credit	4,320,920	4,154,865
Other tax credits	-	-
Other	7,543	18,483
Other operating income	**5,161,021**	**4,905,974**
Total income	**11,681,837**	**14,351,618**

The majority of the Company's revenue is derived from its research partnerships with AbbVie and Boehringer Ingelheim, and a lesser part from the provision of services. The €2,924,828 (i.e., 31%) year-on-year drop in revenue is mainly attributable to:

- Lower milestone payments: two milestones were reached with AbbVie in 2016, triggering payments of €4,500,000. No milestones were achieved for this contract in 2017 and it expired on June 30, 2017. As AbbVie wished to prolong the agreement, it was extended in September 2017. The decline in revenue was partially offset by the achievement of a milestone with BI, triggering a payment of €2,500,000.
- Lower revenue generated from recurring partnership fees: €3,219,122 in 2017 versus €4,024,746 in 2016.
- Revenue from other services fell by €203,058 year to year.

In 2017, income from subsidies mainly corresponded to two subsidies from Bpifrance (*Banque Publique d'Investissement*) as part of the Eurostars program for €654,676, and two subsidies from France's national research agency (*Agence nationale de la recherche*, ANR) for €177,882 in respect of a project conducted jointly with the Institut Curie. No new subsidies were either requested or obtained in 2017.

In 2017, Inventiva received payment of the research tax credit due in respect of 2016 for an amount of €3,687,310 (after deduction of the related amount of income tax due). In the course of 2018, the Company will request payment of the research tax credit due in respect of 2017 for an amount of €4,238,811 under current EU guidelines on aid for SMEs.

Other tax credits do not include the CICE tax credit, which is recognized as a deduction from personnel costs in accordance with IFRS accounting principles.

2.5.2. Operating expenses

Dec. 31, 2017 (in euros)	Research and development costs	Marketing – business development	General and administrative expenses	Total
Disposables	2,087,913	-	-	2,087,913
Energy and liquids	513,061	-	-	513,061
Patents and scientific monitoring	402,947	-	-	402,947
Studies	13,308,142	-	-	13,308,142
Maintenance	1,003,329	-	-	1,003,329
Fees	96,655	25,292	1,110,563	1,232,510
IT systems	852,781	12,489	70,773	936,044
Support costs (including taxes)	-	-	549,018	549,018
Personnel costs	7,040,024	305,644	2,050,841	9,396,510
Depreciation, amortization and impairment	1,009,118	-	226,871	1,235,990
Other operating expenses	419,072	9,474	1,054,344	1,482,891
Total operating expenses	**26,733,042**	**352,900**	**5,062,411**	**32,148,353**

Dec. 31, 2016 (in euros)	Research and development costs	Marketing – business development	General and administrative expenses	Total
Disposables	2,511,352	-	-	2,511,352
Energy and liquids	522,704	-	-	522,704
Patents and scientific monitoring	496,785	-	-	496,785
Studies	8,754,675	-	-	8,754,675
Maintenance	1,043,168	-	-	1,043,168
Fees	23,682	50,557	580,253	654,492
IT systems	753,929	-	55,628	809,557
Support costs (including taxes)	-	-	542,906	542,906
Personnel costs	6,522,013	340,460	1,726,589	8,589,063
Depreciation, amortization and impairment	1,238,468	-	247,610	1,486,079
Other operating expenses	277,910	100,563	611,231	989,704
Total operating expenses	**22,144,686**	**491,580**	**3,764,219**	**26,400,485**

2.5.3. Personnel costs and headcount

Dec. 31, 2017 (in euros)	Research and development costs	Marketing – business development	General and administrative expenses	Total
Wages, salaries and similar costs	4,726,288	275,194	1,187,908	6,189,390
Payroll taxes	1,938,671	30,406	512,721	2,481,798
CICE tax credit	(116,844)		(23,922)	(140,766)
CIPC tax credit	-	-	-	-
Provisions for retirement benefit obligations	139,954	-	42,527	182,481
Share-based payment	351,955	44	331,607	683,606
Total personnel costs	**7,040,024**	**305,644**	**2,050,841**	**9,396,510**

Dec. 31, 2016 (in euros)	Research and development costs	Marketing – business development	General and administrative expenses	Total
Wages, salaries and similar costs	4,666,318	286,990	1,208,548	6,161,856
Payroll taxes	1,819,291	47,664	500,973	2,367,927
CICE tax credit	(114,369)		(20,322)	(134,691)
CIPC tax credit	-	-	-	-
Provisions for retirement benefit obligations	121,383	2,327	31,451	155,162
Share-based payment	29,391	3,479	5,939	38,809
Total personnel costs	**6,522,013**	**340,460**	**1,726,589**	**8,589,063**

The Company had 107 employees at December 31, 2017, as at December 31, 2016.

2.5.4. Financial income and expenses

In euros	Dec. 31, 2017	Dec. 31, 2016
Income from cash and cash equivalents	276,623	230,183
Foreign exchange gains	28,783	15,384
Other financial income	2,003	150,718
Discounting gains	9,423	126,609
Total financial income	**316,832**	**522,895**
Interest cost	(5,316)	(7,548)
Losses on cash and cash equivalents	(2,552)	(2,217)
Foreign exchange losses	(21,233)	(43,817)
Discounting losses	(9,452)	(9,083)
Total financial expenses	**(38,553)**	**(62,665)**
Net financial income	**278,279**	**460,230**

Discounting gains relate to the accrued receivable described in Note 2.1.2, “Significant events”.

2.5.5. Income tax

The income tax rate applicable to the Company is the French corporate income tax rate of 33.33%.

In euros	Dec. 31, 2017	Dec. 31, 2016
Loss before tax	(20,637,699)	(12,558,675)
Theoretical tax rate	33.33%	33.33%
Tax benefit at theoretical rate	**6,879,233**	**4,186,225**
Non-deductible interest	-	-
Tax credits	1,487,846	1,431,322
CVAE corporate value added tax	-	-
Tax-rate related differences	(482,356)	23,470
Permanent differences	1,245,742	(114,451)
Other differences	(227,869)	(12,936)
Actual income tax benefit	**8,902,597**	**5,513,631**
Of which: - current taxes	*5,827,316*	(580,511)
- deferred taxes	*3,075,281*	6,094,142
Effective tax rate	**43.14%**	**43.90%**

Tax credits mainly include (i) the CIR research tax credit and (ii) the CICE tax credit, non-taxable income, classified respectively in other operating income (see Note 2.5.1) and as a deduction from personnel costs (see Note 2.5.3).

The effective tax rate presented above is higher than the theoretical rate. As the Company recorded a pre-tax loss, its actual income tax benefit was greater than the theoretical income tax benefit, mainly due to the effect of tax credits (particularly the CIR research tax credit) granted to the Company.

2.6. Other financial information

2.6.1. Segment information

The assessment of the entity's performance and the decisions about resources to be allocated are made by the chief operating decision maker, based on the management reporting system of the entity.

Only one operating segment arises from the management reporting system: service delivery and clinical stage research, notably into therapies in the areas of oncology, fibrosis and rare diseases. Thus, the entity's performance is assessed at the Company level.

All the Company's operations, assets, liabilities and losses are located in France.

2.6.2. Contingent assets and liabilities

None.

2.6.3. Off-balance sheet commitments

Commitments given

Financial instruments pledged as collateral

As collateral for three bank loans contracted in 2015 and two authorized overdraft facilities agreed in 2016, the Company had given five pledges on financial asset accounts.

At December 31, 2017, only two pledges concerning bank loans contracted in 2015 remain in effect:

- As collateral for the loan from CIC-Lyonnaise de Banque agreed on May 11, 2015 for €178,000 at a fixed annual rate of 1.50% repayable in regular installments over a 60-month term, a deposit account was pledged with a balance of €135,000 as of the pledge date, i.e., May 11, 2015.
- As collateral for the loan from Société Générale agreed on July 7, 2015 for €254,000 at a fixed annual rate of 0.90% repayable in regular installments over a 60-month term, a deposit account was pledged with a balance of €100,000 as of the pledge date, i.e., July 7, 2015.

The following three pledges were released during 2017:

- A pledge on financial assets corresponding to monetary UCITS for an amount of €150,000, as collateral for the loan from Crédit Agricole agreed on April 23, 2015 for €285,000 at a fixed annual rate of 1.32% repayable in regular installments over a 60-month term.
- Pledges provided as collateral for credit facilities negotiated with Société Générale and Crédit Agricole that were terminated in the course of 2017.

Commitments received

Authorized overdraft facilities

- ***Authorized overdraft facility no. 1 – terminated in 2017***

  The Company had an authorized overdraft facility of up to €500,000 at an interest rate of 1.282% with Crédit Agricole. None of this facility was drawn down during the year ended December 31, 2017. It was terminated in May 2017.

- ***Authorized overdraft facility no. 2 – terminated in 2017***

  In 2016, Inventiva negotiated a €1 million overdraft facility with Crédit Agricole at the three-month Euribor rate +50 basis points, in the form of a promissory note backed by 34,080 pledged monetary UCITS already held at December 31, 2015 with a carrying amount of €502,866.76. The pledge was released in 2017 and the facility was terminated in May 2017.

- ***Authorized overdraft facility no. 3 – terminated in 2017***

  In 2016, the Company negotiated a €2 million overdraft facility with Société Générale, backed by a pledged deposit account with a balance of €2 million. The pledge was released in 2017 and the facility was terminated in June 2017.

Agreements concerning the provision of facilities

- ***Agreement with Novolyze***

  On October 13, 2015, the Company signed a contract to make its premises and facilities available to the company Novolyze for a 36-month period beginning October 19, 2015, in return for monthly rental payments of €3,820 during the first year, €4,120 during the second year and €4,200 during the third year. The contract was amended on October 19, 2016 and the monthly rent was increased to €5,429. Therefore, at December 31, 2017, the total commitment received amounted to €60,313 and commitments relating to future payments amounted to €130,947.

- ***Agreement with Genoway***

  On November 4, 2015, the Company signed a contract to make its premises and facilities available to the company Genoway for a three-year period beginning December 1, 2015, in return for an annual rental payment of €93,830. On July 1, 2017, the contract was amended and extended through June 30, 2019 and the monthly rent was increased to €14,932. Therefore, at December 31, 2017, the total commitment received amounted to €136,768 and commitments relating to future payments amounted to €363,850.

- ***Agreement with Synthecob***

  On March 21, 2016, the Company signed a contract to make its research equipment and services available to the company Synthecob for a two-year period beginning April 1, 2016, in return for a rental payment of €16,956 for the first year and €17,292 for the second year. The contract was amended on January 1, 2017 and the monthly rent was increased to €2,436. Therefore, at December 31, 2017, the total commitment received amounted to €25,281 and commitments relating to future payments amounted to €58,756.

2.6.4. Related-party transactions

The table below sets out the compensation awarded to the members of the executive team that was recognized in expenses for the years ended December 31, 2017 and December 31, 2016.

In euros	**Dec. 31, 2017**	**Dec. 31, 2016**
Wages and salaries	522,763	560,731
Benefits in kind[(1)]	41,618	39,574
Pension plan expenses	37,005	22,382
Share-based payments	-	-
Net total	**601,386**	**622,687**

[(1)] In 2016, benefits in kind were also included in wages and salaries.

2.6.5. Events after the reporting date

New BSA share warrant and bonus share award plans

On January 26, 2018, the Company's Board of Directors approved two bonus share award plans for certain Company employees:

- 10,000 bonus shares (“AGA 2018-1”);
- 65,700 bonus shares (“AGA 2018-2”).

These plans have the same characteristics as those approved by the Company’s Board of Directors on April 18, 2017.