INVENTIVA S.A.

A joint-stock company (*société anonyme*) with a share capital of 306,877.50 euros
Registered office: 50 rue de Dijon, 21121 Daix, France
Dijon Trade and Companies Register 537 530 255

ANNUAL FINANCIAL REPORT

2019

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Declaration by the person responsible for the annual financial report

I hereby declare that, to the best of my knowledge, (i) the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and results of the Company, and (ii) that the Management Report presented in page 5 provides a true and fair view of the Company's business, financial position and earnings, as well as a description of the principal risks and uncertainties to which it is exposed.

April 9, 2020

Mr. Frédéric Cren
Chairman and Chief Executive Officer

A. Management Report

I. Business information

Key figures

The Company, which has no subsidiaries or equity investments, has voluntarily prepared financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), presented in section C. of this annual financial report, in addition to its statutory annual financial statements prepared in accordance with French GAAP.

▶ **Selected statement of financial position disclosures**

In thousands of euros ASSETS	Dec. 31, 2019	Dec. 31, 2018
Non-current assets	**8,084**	**8,178**
o/w intangible assets	*1,228*	*1,543*
o/w other non-current assets	*3,135*	*2,374*
Current assets	**48,875**	**71,634**
o/w cash and cash equivalents	*35,840*	*56,692*
TOTAL ASSETS	**56,960**	**79,812**
EQUITY AND LIABILITIES		
Shareholders' equity	**41,392**	**61,596**
Non-current liabilities	**1,703**	**3,134**
o/w contract liabilities	-	*1,673*
Current liabilities	**13,865**	**15,082**
o/w contract liabilities	-	*548*
TOTAL EQUITY AND LIABILITIES	**56,960**	**79,812**

▶ **Selected statement of income (loss) disclosures**

In thousands of euros	2019	2018
Revenues	**6,998**	**3,197**
Other income	4,293	4,853
Research and development expenses	(33,791)	(31,638)
Marketing – business development expenses	(249)	(225)
General and administrative expenses	(6,088)	(6,045)
Other operating income (expenses)	(1,475)	(3,395)
Operating profit (loss)	**(30,312)**	**(33,253)**
Financial income (loss)	**93**	**(111)**
Income tax	-	(253)
Net loss of the period	**(30,218)**	**(33,617)**

▶ **Selected disclosures from the statement of cash flows**

In thousands of euros	**2019**	**2018**
Net cash used in operating activities	**(28,404)**	(34,207)
o/w cash flow used in operations before tax, interest and changes in working capital	*(31,534)*	*(35,180)*
o/w tax, interest and changes in operating working capital	*3,130*	*974*
Net cash used in investing activities	**(826)**	(420)
Net cash provided by financing activities	**8,378**	32,267
Net decrease in cash and cash equivalents	**(20,852)**	**(2,360)**
Cash and cash equivalents at beginning of period	56,692	59,051
Cash and cash equivalents at end of period	35,840	56,692

1 Overview of activities

1.1 General overview of activities

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

The Company is developing its most advanced product candidate, lanifibranor, for the treatment of patients with non-alcoholic steatohepatitis, or NASH, a disease for which there are currently no approved therapies. Although under-diagnosed, NASH prevalence in the adult population of the United States is believed to be approximately 12%. Lanifibranor is an orally-available small molecule that acts to induce anti-fibrotic, anti-inflammatory and beneficial metabolic changes in the body by activating all three peroxisome proliferator-activated receptor isoforms, PPARα, γ and δ. PPARs are ligand-activated transcription factors belonging to the nuclear hormone receptor family that regulate the expression of genes. PPARs play essential roles in the regulation of cellular differentiation, development and tumorigenesis. Inventiva is currently conducting a Phase IIb clinical trial of lanifibranor in patients with NASH. This clinical trial will respect regulatory requirements from both European and American authorities. As of December 31, 2019, approximately 226 patients have been treated with lanifibranor for at least 24 weeks, of which more than 120 are in the NATIVE Phase IIb clinical trial for the treatment of NASH. Since the trial was launched, four data and safety monitoring board, or DSMB, reviews have recommended that the trial continue without any changes to the trial protocols. The results of this study are expected in the first half of 2020.

Lanifibranor is also being investigated in the United States in a Phase II clinical trial for the treatment of non-alcoholic fatty liver disease, or NAFLD, in patients with type 2 diabetes, the most common liver disorder in developed countries and a precursor to NASH. The trial led by Professor Cusi, conducted at the University of Florida, Gainesville. Following the delay in patient enrollment, Professor Cusi, the principal investigator in the trial in which the Company is not participating, now expects to be able to publish the results in 2021 rather than second-half 2020, as announced previously. The delay in the trial led by the University of Florida does not at all affect the Company's clinical development plan for lanifibranor in the treatment of NASH. If positive, the Company expects that these results would support the regulatory filings for lanifibranor for the treatment of patients with NASH.

At the same time, Inventiva is developing a second clinical program based around the product candidate odiparcil to treat type VI mucopolysaccharidoses (MPS VI or Maroteaux-Lamy syndrome), a very severe and rare genetic disease affecting children. This product candidate also has the potential to address other forms of MPS, characterized by the accumulation of chondroitin or dermatan sulfate (MPS

I or Hurler/Sheie syndrome, MPS II or Hunter syndrome, MPS IVa or Morqio syndrome and MPS VII or Sly syndrome). Odiparcil has received orphan drug designation from the FDA and EMA for the treatment of MPS VI, as well as rare pediatric disease designation, or RPDD. Inventiva has investigated odiparcil in a Phase IIa clinical trial (iMProveS study) for the treatment of adult patients with the MPS VI subtype (whose incidence is estimated to be approximately 1 in 240,000 to 400,000 live births, with variations between countries). The positive results of the iMProveS study have been announced by the Company in December 2019. By the end of the second-half 2020, the Company plans to begin a double-blind, randomized, placebo-controlled Phase I/II trial (the SAFE-KIDDS study) on nine patients with MPS VI between the ages of five and fifteen. The Company has also announced in September 2019 the enrollment of the first patients in a new biomarker trial in MPS VI in adults and children, the results of which are expected in the first half of 2020.

Inventiva is also developing a portfolio of pre-clinical therapy programs, including the Hippo signaling pathway program, which aims to disrupt the interaction between yes-associated protein, or YAP, and transcription enhancer associated domain transcription factors, or TEAD, an interaction that plays a key role in oncogenic and fibrotic processes. The Company is in the process of selecting an oncology development candidate for its Hippo program.

Inventiva has established a strategic partnership with AbbVie in the area of autoimmune diseases (such as psoriasis). This collaboration entitles Inventiva to receive milestone payments upon the achievement of pre-clinical, clinical, regulatory and commercial milestones, in addition to royalties on any approved products resulting from this partnership. AbbVie is currently evaluating ABBV-157, a drug candidate derived from the partnership with the Company for the treatment of moderate to severe psoriasis, in a Phase I clinical trial. The Company announced recruitment of the first patient with psoriasis and the related receipt of a clinical milestone payment of €3.5 million in November 2019, ahead of the original schedule, which expected this step to be reached in first-half 2020.

The Company has a scientific team of approximately 70 people of which over 62% have been working together for over 15 years. The scientific team has deep expertise in the fields of biology, medicinal and computational chemistry, pharmacokinetics and pharmacology a well as in clinical development. It also owns an extensive library of approximately 240,000 pharmacologically relevant molecules, around 60% of which are proprietary, as well as a wholly-owned research and development facility.

1.2 Evolution of the Company's situation

Following the discontinuation of the development of lanifibranor in the SSc announced in February 2019 and the positive results of the Phase IIa iMProveS study announced in December 2019, the Company plans in 2020 to focus its resources on the other programs already undertaken:

- continue the development of lanifibranor in NASH, with the objective of delivering the results of the NATIVE Phase IIb clinical study during the first half of 2020 and preparing the launch of the Phase III;
- continue the clinical development of odiparcil in the treatment of mucopolysaccharidosis type VI (MPS VI), including the launch of the SAFE-KIDDS Phase I/II clinical study in children by the end of the second half of 2020;
- continue the YAP/TEAD program in oncology until the selection of a drug candidate; and
- follow the development of the clinical trial on ABBV-157 carries out by AbbVie, for which the Company has contributed to the pre-clinical research phase until 2018, and remains eligible for milestone payments and royalties.

2 Risk factors and internal control

2.1 Risk factors

Inventiva conducted a review of the risks that could have a material adverse effect on the Company, its business, financial position, results or ability to achieve its objectives, and considers that there are no material risks other than those presented in the Universal Registration Document and until the date of this Annual Financial Report.

When preparing the Universal Registration Document, Inventiva highlighted five main categories of risk factors: (i) risks related to the Company's business, (ii) risks related to the Company's dependence on third parties, (iii) risks related to the organization of the Company, (iv) regulatory and legal risks, and (v) financial risks.

The Company classified risks based on their relative significance, meaning that the first risk factor in each section was, according to the Company's assessment, the most significant risk in said section. However, changes since then, either internal or external, may modify this hierarchy in the future.

The table below shows the list of risk factors at the date of this Annual Financial Report, the probability of them arising and their impact on the Company.

In each of the five categories below, risks are assessed after measures are implemented to manage them. The risks are classified according to degree of criticality (combination of probability of occurrence and estimated impact).

Category of risk	**Probability** ***High*** ***Medium*** ***Low***	**Impact/Scale** ***Significant*** ***Moderate*** ***Negligible***	**Net criticality** **High: ***** **Medium: **** **Low: ***
1. <u>Risks related to the Company's business</u>			
Risks of dependence on the most advanced development programs: lanifibranor and odiparcil	High	Significant	***
Risks related to clinical trials: the Company's clinical trials may experience delays or not obtain the regulatory authorization necessary for their continuation. This is notably the case for Phase IIb clinical trials on lanifibranor in NASH, for which the results are expected in the first half of 2020	High	Significant	***
Risks related to the search for and signing of collaboration or license agreements for the development and marketing of lanifibranor and odiparcil, its two main drug candidates	High	Significant	***
Risks related to the obtainment of a marketing approval ("MA"): the company has not yet obtained an MA from a regulatory authority and may never receive one	High	Significant	***
Risks related to competition: competitors are developing alternative drugs that could compete with lanifibranor and odiparcil	High	Significant	***
Risks related to the development of drug candidates: taking into account the preliminary stage of development of the Company's research programs, the drug candidates could be delayed in one of the development phases	Medium	Significant	**
Risks related to the loss of orphan drug designation of odiparcil in MPS VI	Medium	Moderate	*
Risks related to difficulties in recruiting patients given the competition from other ongoing clinical trials in the same indications and the restricted number of potential patients	Medium	Moderate	*

Category of risk	Probability *High* *Medium* *Low*	Impact/Scale *Significant* *Moderate* *Negligible*	Net criticality High: *** Medium: ** Low: *
Risks related to the implementation of partnerships and collaboration agreements, particularly with AbbVie	High	Low	*
The marketing of lanifibranor and odiparcil may not be successful	Low	Significant	*
Risks related to the reimbursement and non-reimbursement of drugs and treatments: the conditions under which the sales price and reimbursement rate are fixed remain beyond the Company's control	Low	Significant	*
2. Risks related to the Company's dependence on third parties			
The Company is dependent on subcontractors such as Keyrus Biopharma and Covance for pre-clinical and clinical trials, the supply of starting materials and the manufacture of its drug candidates	High	Significant	***
The termination of some academic and scientific partnerships could have an impact on the Company's growth	Medium	Moderate	*
3. Risks related to the organization of the Company			
Risks related to the Company's ability to manage growth	High	Significant	***
Risks related to the Company's dependence on certain key persons whose services are critical to the successful implementation of the Company's product candidate acquisition, development and regulatory strategies and the difficulty of attracting qualified personnel	Medium	Significant	**
Risks related to sales, marketing and distribution resources: the Company does not have the required resources to sell and distribute its drug candidates and will need to either set up its own sales structure or use partners with the necessary marketing infrastructure and distribution network	Medium	Moderate	*
Risks related to its ability to penetrate foreign markets: the Company's development and profitability will depend on its capacity to commercialize its drug candidates on markets other than the French market, particularly in the United States and the rest of Europe	Medium	Moderate	*
4. Legal and regulatory risks			
Risks related to an increasingly strict legal and regulatory framework: the pharmaceutical industry, of which the Company is a part, is faced with constant changes in its legal and regulatory environment and an increase in supervision by regulatory bodies	High	Significant	***
Specific risks related to the obtainment, maintenance and protection of patents and other intellectual property rights: the Company cannot guarantee with any surety that any protection provided by patents will be sufficient to protect the Company against its competitors	Medium	Significant	**
Risks related to confidentiality and Company know-how	Medium	Significant	**
Risks related to product liability: the Company may incur liability as part of its trials, production and marketing of therapeutic products for human use and if unexpected side effects deriving from the administration of these products occur	Medium	Significant	**

Category of risk	Probability *High* *Medium* *Low*	Impact/Scale *Significant* *Moderate* *Negligible*	Net criticality High: *** Medium: ** Low: *
Risks related to the protection of personal data	Medium	Moderate	*
5. Financial risks			
Liquidity risk: the Company believes that it will have sufficient funding to finance its activities until the end of the second quarter of 2021	High	Significant	***
Risks related to uncertain additional funding: beyond its financing horizon , the Company may face difficulties to raise additional funding.	High	Significant	***
Risks related to past and future losses: the Company incurred losses of €19.1 million in 2017 and €33.6 million in 2018	High	Significant	***
Risk of dilution: the issue of new shares and/or the allotment of new financial instruments giving access to the Company's share capital will result in a potentially significant dilution for the Company's shareholders	High	Significant	***
Risks related to access to the research tax credit	Medium	Moderate	*
Risk of not being able to use future loss carry forwards	Medium	Moderate	*

2.1.1 Risks related to the Company's business

2.1.1.1 Risks of dependence on the most advanced development programs: lanifibranor and odiparcil

Lanifibranor, the drug candidate for the treatment of non-alcoholic steatohepatitis, or NASH, and odiparcil, the drug candidate for the treatment of some forms of mucopolysaccharidoses or MPS, are, at the date of this Annual Financial Report, the only products of the Company to have reached the clinical development stage. Based on the For A Systemic Sclerosis Treatment or FASST Phase IIb trial evaluating lanifibranor for the treatment of patients with systemic sclerosis, or SSc, which did not meet the primary and secondary endpoints and of which the results were published on February 2019, the Company plans to discontinue lanifibranor's clinical development for the treatment of diffuse cutaneous systemic sclerosis or dcSSc.

The development of lanifibranor and odiparcil has required and will continue to require significant investments in time and financial resources from the Company, as well as the mobilization of a significant number of the Company's qualified personnel. The allocation of human and financial resources to these projects may not lead to the development of viable drugs and diverts those resources away from potentially more promising programs.

The Company's future will depend largely on the results obtained at the end of the Phase IIb clinical trials on lanifibranor in NASH, which are expected in the first half of 2020, allowing the Company to envisage signing potential license agreements on lanifibranor and continue with Phase III clinical development. Following the results of the Phase IIa clinical trial published in December 2019, the Company's future will also depend on the upcoming clinical development plan for odiparcil: Phase I/II in children, Phase III in MPS VI and Phase III in MPS I, II, IVa and VII, for which the development may depend on the signing of potential license agreements. If the results of current and upcoming trials on lanifibranor in NASH and on odiparcil in MPS do not meet the basic criteria required in terms of efficacy and safety, the prospects of marketing these drug candidates will be seriously impacted.

If the Company does not manage to develop and then commercialize lanifibranor and/or odiparcil, directly or through its partners, its business, prospects, financial position, results and growth could be materially affected.

2.1.1.2 Risks related to clinical trials: the Company's clinical trials may experience delays or not obtain the regulatory authorizations necessary for their continuation. This is notably the case for Phase IIb clinical trials on lanifibranor in NASH, for which the results are expected in the first half of 2020

The Company is currently carrying out clinical trials on lanifibranor in NASH and on odiparcil in MPS.

In each phase of clinical development, the Company must request authorization from the competent authorities in each country involved depending on its development plan in order to conduct the clinical trials and then submit the results of its clinical trials to these authorities. The authorities may refuse to grant the necessary authorizations to conduct the clinical trials if the data presented has not been produced in accordance with applicable regulations or should they consider that the benefits of the product do not sufficiently outweigh the risks involved to merit the trials. They may impose additional requirements concerning trial protocols, patient characteristics, the duration of treatment or post-treatment follow-up, due to differences in the interpretation of results between local regulatory bodies. They may also require supplementary studies. Any refusal or decision by the regulatory authorities to require additional studies or tests could result in a discontinuation or delay in the development of the products concerned.

The Company may also be faced with delays due to a number of different factors other than those listed here that are outside of its control, including the failure to reach an agreement on acceptable terms with prospective contract research organizations, (CROs), and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites. Clinical sites may also deviate from trial protocols or decide to drop out of trials.

A suspension or termination may be imposed due to a number of factors, including a failure to conduct clinical trials in accordance with regulatory requirements or the Company's clinical protocols, or should an inspection of the clinical trial operations or trial site by the relevant regulatory authorities reveal safety issues or adverse side effects.

The results obtained in the pre-clinical phases are not systematically transposable to man. In addition, during Phase I, II or III clinical trials, the drug candidates developed by the Company could prove to be less effective than expected or cause unpredicted undesirable or toxic effects. The severity of the undesirable effects caused by a drug candidate or its lower efficacy compared to competing products may be sufficient to justify stopping its development.

Furthermore, disappointing results in the early phases of development are not always sufficient to decide whether to continue a project or not. The size of the samples, the duration of the trials and the parameters studied may not be sufficient to draw conclusions, thus requiring further investigations that could have a negative impact on the Company's results. Conversely, promising results in the early phases and even after the conduct of clinical trials at a more advanced stage are no guarantee of the success of a project.

The Company has not carried out any trials or investigations on the pre-clinical or clinical studies for lanifibranor and odiparcil conducted by the Abbott laboratories prior to their acquisition by the Company in 2012. It is assumed that all development was carried out in accordance with the applicable regulatory standards and protocols and that Abbott's interpretation of the clinical data and results of all trials was precise and accurate. Similarly, given that the Company has no control over the clinical development resulting from the work carried out in collaboration with Dr. Kenneth Cusi, there is a risk as to its due completion.

The completion of the clinical and pre-clinical trials takes several years and can prove very costly. If the results of these trials are not satisfactory or conclusive, the Company could have to choose between discontinuing its programs, which would entail losing the respective financial investment and the time spent during these trials, or continuing them with no guarantee that the additional costs borne will lead to the marketing of the drug candidate.

If one or more of these risks were to materialize, it would have a significant impact on the Company's business, results, prospects, financial position and growth.

2.1.1.3 Risks related to the search for and signing of collaboration or license agreements for the development and the marketing, in particular, of lanifibranor and odiparcil, its two main drug candidates

The development of biopharmaceutical products, the completion of clinical trials, the obtaining of the relevant authorization to market products and the sale of drug candidates are costly processes that require substantial resources. The Company intends to enter into collaboration and/or license agreements with pharmaceutical companies that have more experience and greater financial resources before the start of the Phase III clinical trials for its drug candidate lanifibranor and potentially for its YAP/TEAD program (yes-associated protein/transcription enhancer associated domain) in order to benefit from the resources (financial and logistical) and capabilities of a partner that will be in charge of the development, production and marketing of the Company's products. Were an agreement for the development and commercialization of a drug candidate to be signed, the Company could also enter into other agreements for the development and commercialization of the drug candidate in territories other than those covered by the first agreement.

The Company could also have difficulties in finding partners for its drug candidate lanifibranor, and in particular in the treatment of NASH. The discontinuation of the development of some peroxisome proliferator-activated receptor, or PPAR, agonists as a result of findings that cast doubt as to the tolerability and safety of certain drugs could be negatively perceived or result in reluctance among potential partners that could jeopardize the signing of agreements for the development of drug candidates belonging to the PPAR class such as lanifibranor.

If the Company is unable to secure these agreements under reasonable terms and conditions, it would have to obtain the necessary financial resources and develop, produce and market some of its products internally. Alternatively, it would have to abandon the development of some programs in order to refocus its business activities. The materialization of such a risk could delay or prevent the completion of Phase III clinical development for lanifibranor and Phase III clinical trials for odiparcil. It could delay or jeopardize the development and marketing of the products deriving from its pre-clinical portfolio and consequently have a material adverse effect on the Company, its business, prospects, financial position, results and growth.

Partnerships and license agreements are a complex endeavor and often require a significant amount of time to negotiate, sign and set in place. Even if these agreements were secured, (i) the economic conditions may be less favorable than those expected by the Company, (ii) they may be terminated or may not be renewed by the partners, and (iii) they may not be fully respected by those partners.

2.1.1.4 Risks related to the obtainment of a marketing approval ("MA"): the company has not yet obtained an MA from a regulatory authority and may never receive one

At the date of this Annual Financial Report, none of the drug candidates developed by the Company have received a marketing authorization from a regulatory authority and the Company may never receive the requisite authorizations.

In Europe and the United States, as well as in many other countries, access to the drug market is controlled and products cannot be marketed without prior authorization from a regulatory body.

The granting of a marketing authorization to the Company or its future commercial partners in charge of the authorization process and marketing of the Company's drug candidates is subject to compliance with stringent standards imposed by the regulatory authorities. Additionally, the granting of a marketing authorization in a given country or geographical area does neither systematically nor immediately lead to the obtaining of a marketing authorization in other countries.

There is no guarantee that the Company will obtain any such authorizations and a failure to obtain or a withdrawal of authorizations could have a material impact on development plans for the drug candidates concerned. There can be no assurance that the US Food and Drug Administration (FDA) will accept data from trials conducted outside of the United States, which must in any event comply with the conditions and regulations of the FDA. If the FDA does not accept the data from any clinical trials that

the Company or its collaborators conduct outside the United States, it would likely result in the need for additional clinical trials, which would be costly and time-consuming and delay or permanently halt the Company's ability to develop and market its drug candidates in the United States.

Principal investigators for the Company's clinical trials may serve as scientific advisors or consultants and receive compensation in connection with such services. Under certain circumstances, the Company may be required to report some of these relationships to the regulatory authorities, which may conclude that a financial relationship between the Company and a principal investigator has created a conflict of interest or otherwise affected interpretation of the trial results. This could result in a delay in the approval or ultimately lead to the denial of marketing authorizations for drug candidates.

The Company develops some of its drug candidates in conjunction with one or several other approved or experimental therapies. Should the European Medicines Agency (EMA), the FDA or other regulatory authorities decide not to authorize these therapies or to withdraw their authorization, or should the safety, efficacy, manufacturing or procurement of the therapies that the Company has chosen to test in conjunction with its drug candidates be compromised, the Company will never be able to obtain the authorization to market its drug candidates.

In the event that marketing authorizations are not obtained, the drug candidates concerned cannot be manufactured or commercialized by the Company or its future partners. In addition, a drug candidate may fail to obtain a marketing authorization for a given geographical area, which could significantly limit its commercialization. Even if properly obtained, a marketing authorization may be suspended, especially if manufacturing standards are not respected.

2.1.1.5 Risks related to competition: competitors are developing alternative drugs that could compete in particular with lanifibranor and odiparcil

Biotechnology and pharmaceutical industries are subject to strong competition and rapid and significant technological development. The Company has competitors in Europe, the United States and other countries, including large multinational pharmaceutical companies, established biotechnology companies, specialized pharmaceutical companies, universities and other research institutes, many of which have greater financial resources, larger research and development teams and facilities, and more experience in completing pre-clinical testing and clinical trials and in the marketing and manufacturing of drug candidates.

Consequently, the Company cannot guarantee that competitors will not develop alternative drugs that successfully compete with the Company's drug candidates in terms of efficacy, safety, ease of use, results, price or marketing, or are considered by the market as similar or higher in quality to the Company's drug candidates.

In addition, the Company cannot guarantee that some competitors will not obtain a marketing authorization for their products before the Company is in a position to commercialize its own products because, even though at the date of this Annual Financial Report and to the best of the Company's knowledge, no treatment has obtained a marketing authorization in the indications targeted by the Company except for enzyme replacement therapies in MPS I, II, IVa, VI and VII, some of its competitors are at a more advanced clinical development stage and could obtain a marketing authorization for their drugs before the Company is in a position to commercialize its products, thus giving them a strong competitive advantage in the targeted markets.

Intercept Pharmaceuticals announced that it had filed a marketing approval authorization with the FDA and EMA. Allergan Plc, Genfit S.A, Madrigal Pharmaceuticals and Galmed Pharmaceuticals are investigating product candidates in Phase III clinical trials for the treatment of NASH, while other companies, including Gilead Sciences, Inc., have product candidates for the treatment of NASH that are in earlier stages of pre-clinical or clinical development. Enzyme replacement therapy, or ERT, is the standard of care for the treatment of MPS with current therapies being marketed by BioMarin Pharmaceuticals, Inc., Sanofi Genzyme, Shire Plc and Ultragenyx Pharmaceuticals, Inc. Additional ERTs, as well as gene therapy approaches to treating MPS, are in various stages of pre-clinical and clinical development.

Mergers and acquisitions in the pharmaceutical and biotechnology industries could result in even more resources being concentrated among a small number of competitors.

Lastly, the Company's strategy is based on securing partnerships with other organizations or companies to develop and market products, and with research bodies and other laboratories to access innovative targets and technologies. However, the Company faces fierce competition from these other industry players also looking to secure partnerships.

The materialization of any of these risks could have a substantial impact on the Company's ability to make profits from its products and consequently have a material adverse effect on the Company.

2.1.1.6 Risks related to the development of drug candidates: taking into account the preliminary stage of development of the Company's research programs, the Company's drug candidates could be delayed in one of the development phases

The Company is a biotechnology company whose most advanced products are at clinical stage and have not yet obtained marketing authorization (MA). It is currently developing the following clinical and pre-clinical programs:

- lanifibranor, an anti-fibrotic drug candidate with NAsh TrIal to Validate lanifibranor Efficacy or NATIVE Phase IIb clinical trial currently in progress for the treatment of non-alcoholic steatohepatitis, or NASH, with the results expected in the first half of 2020 respectively;
- odiparcil, a drug candidate developed for the treatment of some forms of mucopolysaccharidoses or MPS, with the results of the Phase IIa clinical trials for MPS VI announced in December 2019; and
- yes-associated protein/transcription enhancer associated domain or YAP/TEAD, a pre-clinical project developed by the Company in the field of oncology.

The Company also develops its activity through research and development partnerships, currently and formerly with AbbVie and Boehringer Ingelheim, the end of which collaboration was announced in October 2019 (see section I.3.2.2 "Partnership with Boehringer Ingelheim and Abbvie" of the present Annual Financial Report).

The Company has not yet demonstrated its ability to overcome the risks and uncertainties to which companies operating in innovative and fast-changing domains like the pharmaceutical sector are often exposed. Its ability to provide meaningful forecasts for its operating results or sales is therefore more limited than other companies that have been in operation for a longer period of time or that have already marketed products.

The Company's strategy is reliant on the development and advances made on a portfolio of drug candidates. Furthermore, its research and work may not result in a portfolio of marketable drug candidates with a favorable safety and tolerability profile despite a long, complex and costly development process. Generally, the development of drugs for human use takes a long time, with the lapse between the discovery of a compound (drug candidate) and the actual marketing of a drug product often exceeding ten years.

The Company cannot guarantee that the results of the tests, pre-clinical trials and clinical trials currently in progress or to be conducted during these various phases will demonstrate the tolerability, safety and efficacy of its drug candidates. It has submitted the results of the safety studies (toxicology and carcinogenicity) on lanifibranor, its most advanced drug candidate, needed for its marketing authorization application in Europe and the United States to the FDA. Any failures or ambiguous results emerging from these studies or requests for further trials may delay the development of lanifibranor or even lead to the discontinuation of its development.

Other factors may have a significant adverse impact on the development of new drug candidates:

- the upstream selection of new products or new avenues for development, and the decision to give priority to a given drug candidate through the allocation of additional financial resources may

prove less relevant than expected, may not ultimately lead to the launch of new products and may divert human and financial resources away from the best opportunities for development;

- research and development teams may fail to develop products suitably aligned with the Company's objectives in terms of both winning over new markets and preserving current market opportunities;
- initiatives jointly developed with other partners may prove more difficult than expected and the corresponding product launches may be delayed or canceled;
- new regulatory requirements may delay or cause pre-clinical and/or clinical development of drug candidates to fail; and
- difficulties in procuring starting materials impacting the production of clinical batches may delay or disrupt a current or planned clinical trial.

Taking into account the preliminary stage of development of the Company's research programs and the risks outlined above, the Company cannot guarantee that the drug candidates on which it is working or will work in the future will not be delayed in any of the pre-clinical, clinical, production or marketing phases, or that their development will not be discontinued.

If the Company is unable to continue successfully developing its drug candidates and does not start to market them in the near future, it may be faced with major financial difficulties.

The materialization of any of these risks would have a material adverse effect on the Company, its business, prospects, financial position, results and growth.

2.1.1.7 Risks related to the loss of orphan drug designation of odiparcil in MPS VI

The Company has received orphan drug designation for odiparcil in the treatment of MPS VI. It intends to pursue orphan drug designation for other future drug candidates and for MPS indications other than MPS VI. In addition, the Company obtained rare pediatric disease designation for odiparcil in the treatment of MPS VI from the FDA in March 2019.

Generally, all drugs designated as orphan medicinal products that obtain a marketing authorization benefit from market exclusivity for ten years in the European Union and seven years in the United States. During this period, the competent regulatory authorities do not accept any other marketing authorization applications in the same therapeutic indication, grant marketing authorizations or accept applications for the extension of an existing marketing authorization for a similar drug. No other directly competing drug may therefore, in principle, be put on the market during this period.

During an orphan drug's exclusivity period, however, competitors may receive authorization for drugs with different active moieties for the same indication as the approved orphan drug, or for drugs with the same active moiety as the approved orphan drug, but for different indications. Moreover, if a designated orphan drug receives marketing authorization for an indication broader than the rare disease or condition for which it received orphan drug designation, it may not be entitled to exclusivity.

If the orphan drug designation were withdrawn and, in particular, if prior to the granting of a marketing authorization the criteria for designation (incidence of the disease, absence of an authorized treatment for this disease or, if such treatment exists, the existence of a significant benefit for patients) were no longer satisfied, the product would no longer benefit from this period of exclusivity.

The failure to obtain an orphan drug designation for any drug candidates the Company may develop, the inability to maintain that designation for the duration of the applicable period, or the inability to obtain or maintain orphan drug exclusivity could reduce the Company's ability to make sufficient sales of the applicable drug candidate to balance the Company's expenses incurred to develop it, which would have a negative impact on the Company's operational results and financial position.

2.1.1.8 Risks related to difficulties in recruiting patients given the competition from other ongoing clinical trials in the same indications and the restricted number of potential patients

The identification and enrollment of patients to take part in clinical trials is crucial to the Company's success.

When conducting these clinical trials, the Company may have difficulties in recruiting and retaining patients, particularly on (i) lanifibranor in NASH, due to the significant number of patients required and competition from other ongoing trials in the same indications, and (ii) odiparcil in MPS, given the very small number of patients able and willing to take part in a clinical trial. These persistent difficulties could noticeably extend the planned duration of the clinical trials. Once recruited, the patients taking part in these trials can suspend or discontinue their participation at any time. If too many patients were to end their participation in a clinical trial, the analysis of the results of this trial may not have any statistical value. Furthermore, any results that the Company reports for the clinical trials of its product candidates that are less favorable or perceived to be less favorable than those of competitor product candidates, may make it difficult or impossible to recruit and retain patients in other clinical trials of those product candidates.

In fact, the Company announced that the receipt of data from its ongoing NATIVE Phase IIb clinical trial of lanifibranor for the treatment of patients with NASH could be delayed until the first half of 2020 due to delays in patient enrollment. It also experienced delays in recruiting patients with MPS VI for its Phase IIa trial of odiparcil in that indication, for which the results were published in December 2019. The Company also has no control over the recruitment of patients for the non-alcoholic fatty liver disease program in collaboration with Dr. Kenneth Cusi.

2.1.1.9 Risks related to the implementation of partnerships and collaboration agreements, particularly with AbbVie

The collaboration arrangements that the Company has established, and any collaboration arrangements that it might enter into in the future, may not ultimately be successful, which could have a negative impact on its business, results of operations, financial condition and growth prospects. It is also possible that a collaborator may not devote sufficient resources to the development or commercialization of a product candidate or may otherwise fail, in which case the development and commercialization of said product candidate could be delayed or terminated and the Company's business could be substantially harmed.

Were the Company to collaborate with a third party for development and commercialization of a product candidate, it may be expected to relinquish some or all of the control over the future success of that product candidate to the third party. For example, under the terms of the partnership signed with AbbVie in 2012, AbbVie is solely responsible for clinical development of any product candidates developed through the collaboration and is the owner of all intellectual property rights resulting from the collaboration (see section 20.1.1 "Partnerships with AbbVie" of this Registration Document).

In addition, the Company would only have limited control over the resources and efforts provided by its partners for the development and marketing of its products. Any failings on the part of its partners would have adverse consequences for the Company, its growth, results and prospects.

In certain cases, the Company may be obliged to continue with the development of a drug candidate or a research program covered by a collaboration agreement even if the compensation received under the terms of said agreement is insufficient to cover the development costs incurred.

The Company is exposed to a number of additional risks associated with its dependence on collaborations with third parties, the occurrence of which could cause said collaboration arrangements to fail. Conflicts may also arise between the Company and collaborators, such as conflicts concerning the interpretation of clinical data, the achievement of milestones, the interpretation of financial provisions or the ownership of intellectual property developed during the collaboration. If any such

conflicts arise, a collaborator could act in its own self-interest, which may be adverse to the best interests of the Company. This can notably include:

- the reduction in the payment of royalties or other payments the Company believes are due pursuant to the applicable collaboration arrangement (as an example, payments received as a result of the Company's partnership with AbbVie accounted for 51.4% of its revenues in 2019 (unaudited figure), and payments received as a result of the Company's partnership with Boehringer Ingelheim accounted for 37.1% of its revenues in 2019 (unaudited figure));
- actions taken by a collaborator within or outside of the scope of the collaboration agreement which could negatively impact the Company's rights or benefits under the collaboration including termination of the collaboration for convenience by the collaborator; or
- unwillingness on the part of a collaborator to keep the Company informed regarding the progress of its development and commercialization activities or to permit public disclosure of the results of those activities.

The materialization of any of the above, and in particular the reduction or loss of financing pertaining to these partnerships, could delay or prevent the development or commercialization of drug candidates and consequently have a material adverse effect on the Company, its business, prospects, financial position, results and growth.

2.1.1.10 The marketing, in particular, of lanifibranor and odiparcil may not be successful

At the date of this Annual Financial Report, none of the Company's drug candidates have obtained a marketing authorization.

If the Company and/or one or more of its commercial partners were to obtain a marketing authorization and maintain regulatory authorization to market its products, the Company cannot guarantee that its products will be commercially successful since their acceptance by the medical community, health care prescribers and third-party payers could prove to take longer than anticipated. Marketing authorizations may only be granted for a limited number of indications, be restricted to certain categories of patient, or be subject to the completion of costly clinical trials after the commercialization of the drug candidate. Similarly, the Company cannot guarantee that the hypotheses made to determine the characteristics of the market targeted for each of its drug candidates will be confirmed, in particular, the prices, reimbursement rates, and the share of the market of lanifibranor and odiparcil in the indications targeted by the Company.

The Company's growth and its ability to generate revenue will depend on the degree of acceptance of its drug candidates by the market, which depends on several factors, such as, in particular:

- their efficacy and the perception of their therapeutic benefits by health care prescribers and patients;
- their proven safety during clinical trials;
- the time required for their market release, notably with respect to competitors;
- the lack of potential side effects and undesirable interaction between drugs once the marketing authorization has been obtained;
- the ease of use of the drug candidates, which depends mainly on their methods of administration;
- the costs of treatment;
- the reimbursement policies adopted by governments and other third-party payers;
- the effective implementation of a scientific publication strategy;
- the support of opinion leaders in the indications targeted by the Company;
- the acceptance of PPAR agonists as a medication in the case of lanifibranor; and
- the development of one or more competing products for the same indications.

Even if the drug candidates developed by the Company are likely to provide a therapeutic response to a currently unmet need in the targeted indications, poor market penetration resulting from one or more of the factors described above could have an adverse effect on their marketing and the Company's ability to make a profit, either directly or through royalties paid pursuant to collaboration and/or license agreements signed with partners in the pharmaceutical industry. This situation would have a material adverse effect on the Company's business, prospects, results, financial position and growth.

2.1.1.11 Risks related to the reimbursement and non-reimbursement of drugs and treatments: the conditions under which the sales price and reimbursement rate are fixed are beyond the Company's control

Following the regulatory authorization phase and once marketing authorization has been granted, the process for setting the sales price of the drugs and their reimbursement rates begins. The conditions under which the sales price and reimbursement rate are fixed are largely beyond the control of pharmaceutical companies. They are respectively determined by the competent committees and public bodies, as well as by social service organizations or private insurance companies. Today, strict controls on health spending and the current economic and financial crisis mean that pressure on sales prices and reimbursement rates is increasing, mainly due to the price controls imposed by many states and the fact that obtaining and maintaining satisfactory reimbursement rates for drug products is increasingly difficult.

Reimbursement by a third-party payer may depend upon a number of factors, including, without limitation, the third-party payer's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

The likelihood of the Company receiving royalties from its future industrial partners on the sale of its drug candidates, especially lanifibranor, and the Company's ability to make sufficient profits on its drug candidates will depend on their reimbursement conditions.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payer is a time-consuming and costly process that could require the Company to provide supporting scientific, clinical and cost-effective data for the use of its products to the payer.

If a delay in the price negotiating procedure leads to a significant delay in market release, and if one of the Company's products does not obtain an appropriate reimbursement rate or the accepted price and reimbursement rate of the products commercialized by the Company are subsequently revised, the Company's profitability would be reduced. The Company also cannot guarantee that it or its partners will manage to maintain the price of its products or the reimbursement rate accepted by third-party payers over time. Under these conditions, its revenue, profitability and prospects could be materially affected.

2.1.2 Risks related to the Company's dependence on third parties

2.1.2.1 The Company is dependent on subcontractors such as Keyrus Biopharma and Covance for pre-clinical and clinical trials, the supply of starting materials and the manufacture of its drug candidates

The Company outsources some of its pre-clinical and clinical trials on lanifibranor to specialized scientific companies or CROs such as Keyrus Biopharma and Covance (see section 1.4.4.1 "Agreements with Keyrus Biopharma, Quintiles, Covance and Orion Santé" of the 2018 Registration Document). It also outsources the monitoring of the Phase IIb clinical trials in NASH, the monitoring of the Phase IIa

clinical trial in MPS VI and the preparation of the Phase I/II clinical trial with odiparcil. The Company will also use subcontractors to conduct pre-clinical and clinical trials on odiparcil.

The Company is responsible for ensuring that each of its studies and trials is conducted in accordance with the applicable protocol and applicable legal and regulatory requirements and scientific standards. Its reliance on CROs as well as clinical sites and investigators does not relieve the Company of its regulatory responsibilities.

The Company has limited influence over the actual performance of its CROs as well as the performance of clinical sites and investigators. In addition, significant portions of the clinical trials for its product candidates are conducted outside of France, thereby complicating matters in terms of its legal implications and power of control. If the Company, any of its CROs or any of the clinical sites or investigators fail to comply with applicable good clinical practices (GCPs), the clinical data generated in clinical trials may be deemed unreliable and the authorities may require the Company to perform additional clinical trials before approving its marketing applications.

Some of the Company's CROs have the ability to terminate their respective agreements with the Company if it can be reasonably demonstrated that the safety of the subjects participating in the Company's clinical trials warrants such termination, if the Company makes a general assignment for the benefit of its creditors or if it is liquidated.

Any default or delay on the part of these CROs could have consequences on the schedule, or even the continuation of the pre-clinical and clinical trials on the drug candidates lanifibranor and odiparcil, as well as on the quality of the data which must conform to strict standards imposed by the supervisory authorities, and thus delay the marketing of the products.

At the date of this Annual Financial Report, the Company does not manufacture the drug candidates tested during its clinical and pre-clinical trials, nor does it envisage acquiring the infrastructure or in-house capabilities needed to manufacture the drug candidates. The Company mainly relies on suppliers and Contract Manufacturing Organizations (CMOs) for the supply of several starting materials needed to manufacture the experimental batches required to conduct its clinical and pre-clinical trials (especially in the synthesis process of compounds), as well as for the manufacture of drug candidates and product packaging. The Company currently depends on a very limited number of single-source suppliers for some of the components and materials used in lanifibranor and odiparcil with which no long-term agreements have been entered into, which could expose the Company to price increases. The Company cannot ensure that these suppliers will remain in business, have sufficient capacity or supply to meet the Company's needs, or that they will not be purchased by one of the Company's competitors or another company that is not interested in continuing to work with the Company. These vendors may be unable or unwilling to meet the Company's future demands for its clinical trials or commercial sale. They may also supply the Company with defective components or materials, which could seriously damage the Company's reputation.

At the date of this Annual Financial Report, the Company has not yet identified and secured an alternative source of supply. The Company nevertheless intends to sign a number of long-term agreements in order to guarantee the supply of raw materials. There is however no guarantee that these agreements will be entered into or that the conditions will be commercially favorable for the Company. Establishing additional or replacement suppliers for these components, materials and processes could take a substantial amount of time and it may be difficult to establish replacement suppliers who meet regulatory requirements.

If the Company is able to find a replacement supplier, the replacement supplier would need to be qualified and may require additional regulatory authority authorization, which could result in further delay. Similarly, the facilities used by the Company's suppliers and other third parties in the manufacture of its drug candidates are subject to prior inspection by the relevant authorities. In the event of failure by the CMOs to comply with the regulatory quality standards, delays in the production and delivery of the active pharmaceutical ingredients, difficulties in supplying the necessary clinical quantities, the termination or non-renewal of these CMOs for reasons beyond the Company's control, or the default, bankruptcy or operational shutdown of a subcontractor or a disagreement with the latter, the Company may not be able to enter into new contracts with other suppliers in a timely manner and/or under

commercially acceptable conditions. It may not be able to continue developing its drug candidates, have them produced and then commercialize or have them commercialized in time and/or competitively.

In addition, the contracts entered into by the Company with suppliers contain clauses that limit or exclude liability in their favor, which means that the Company may not obtain full compensation for any potential losses it may bear in case of default.

While the Company has no control over the manufacturing process, drug candidates manufactured by third-party suppliers that fail to comply with regulatory standards may result in sanctions for the Company (see section I.2.1.4.4 "Risks related to product liability" of this Annual Financial Report) and all these measures could have a material adverse effect on the Company's image, business, prospects, results, financial position and growth.

Furthermore, if a marketing authorization is obtained for one of the Company's product candidates, the Company must be able to meet a higher demand for procuring starting materials that its suppliers would not be able to, which could slow down the commercial marketing of the drug and ultimately affect the Company's ability to generate revenue.

Were there to be any supplier default or delay, or were the Company to change suppliers for its drug candidates, it may be required to request the new approval of manufacturing process and procedures to ensure they comply with applicable standards. Obtaining new approval could have consequences on the duration, cost, or even continuation of the pre-clinical and clinical trials and could require the involvement of the Company's qualified personnel to the detriment of other activities. Should new approval not be obtained, the Company could be obliged to find another supplier, which could delay the production, development and marketing of the Company's products and thus have a material adverse effect on its business, prospects, results, financial position and growth. In case of default, bankruptcy or the operational shutdown of its subcontractors or disagreement with the latter, the Company may not be able to enter into new contracts with other suppliers in a timely manner and/or under commercially acceptable conditions and thus be able to continue with pre-clinical and clinical studies on its drug candidates lanifibranor and odiparcil, which could consequently delay the marketing of the Company's products.

Such events could have a material adverse effect on the Company's business, prospects, results, financial position and growth.

2.1.2.2 The termination of some academic and scientific partnerships could have an impact on the Company's growth

The Company relies, and intends to continue to rely, on partnerships with university centers and public and private research institutes, such as the Institut Curie for the YAP/TEAD program, as well as physicians, such as Dr. Kenneth Cusi for the study of lanifibranor in diabetic patients with non-alcoholic fatty liver disease (NAFLD), to carry out some of its research and development activities. If one of these partners were to terminate or fail to respect its contract with the Company or fail to work effectively with the Company in any way, the research, development or marketing of the products included in the scope of these partnerships could be delayed or discontinued. If one of the partnerships established by the Company were to be terminated or if the Company were unable to renew those partnerships under acceptable conditions, this could have a negative impact on its business and prospects.

2.1.3 Risks related to the organization of the Company

2.1.3.1 Risks related to the Company's ability to manage growth

The Company expects that if its drug discovery efforts continue to generate drug candidates, its clinical drug candidates continue to progress in development, and the Company continues to build its development, medical and commercial organizations, it will require significant additional investment in personnel, management and resources. The Company's ability to achieve its research, development and sales objectives depends on its ability to respond effectively to these demands and expand its internal organization, systems, controls and facilities to accommodate additional anticipated growth.

If the Company is unable to manage its growth effectively, its business could be harmed and its ability to execute its business strategy could suffer. The Company may acquire companies, businesses and products that complement or augment its existing business. However, the Company cannot guarantee that it will be able to identify the best opportunities or complete the acquisitions. Nor can it guarantee that, in the event of an acquisition, it will be able to successfully integrate the companies or businesses it acquires.

With any acquisition, there are also risks relating to valuation and undeclared liabilities. The Company may also need to take out loans to finance such acquisitions, which could encumber the Company with significant costs.

2.1.3.2 Risks related to the Company's dependence on certain key persons whose services are critical to the successful implementation of the Company's product candidate acquisition, development and regulatory strategies and the difficulty of attracting qualified personnel.

The Company is highly dependent on its management, scientific and medical personnel, especially its executive officers: Frédéric Cren, Chief Executive Officer, and Pierre Broqua, Deputy Chief Executive Officer and Chief Scientific Officer, whose services are critical to the successful implementation of the Company's product candidate acquisition, development and regulatory strategies.

The temporary or permanent unavailability of these persons could result in a loss of know-how and impair some activities; even more so if they were to join competing companies, and could, in the long term, reduce the Company's ability to achieve its objectives.

To prevent this risk, the Company has taken out a so-called "key person" insurance policy (permanent disability/death insurance policy). However, the Company cannot guarantee that this will be adequate to cover the harm suffered.

As the Company progresses in its programs and broadens the field of its activities, it may have to recruit new employees with skills in fields such as clinical trials, regulatory issues, reimbursement procedures, sales and marketing. To retain and attract qualified personnel, the Company has implemented an employee incentive and loyalty policy. The Company will face strong competition from other companies operating in this sector, universities, public and private research institutes, as well as other organizations to recruit and retain qualified personnel. In such circumstances, the Company cannot guarantee its ability to recruit and/or retain its qualified employees under economically acceptable conditions.

The Company's inability to attract or retain key personnel could prevent it from meeting its overall objectives and could consequently have a negative impact on its business, results, financial position and growth.

2.1.3.3 Risks related to sales, marketing and distribution resources: the Company does not have the required resources for selling and distributing its drug candidates and will need to either set up its own sales structure or use partners with the necessary marketing infrastructure and distribution network

The Company does not currently have the necessary infrastructure for the sale, marketing and distribution of its drug candidates. Should the development of lanifibranor, odiparcil or any other drug candidate by the Company prove to be successful, the Company would be obliged to set up its own sales, marketing, pharmacovigilance and price negotiation structure, which will entail adapting its organizational structure, recruiting qualified and dedicated teams and consequently incurring significant additional expenditure. Sales personnel may not be able to obtain access to physicians and educate physicians about patients for whom the Company's product candidates may be appropriate, restricted or closed distribution channels may make it difficult to distribute the Company's products to segments of the patient population, and there may be unforeseen costs and expenses associated with creating an independent sales and marketing organization. Were the Company unable to set up such a structure or if delays were to occur in the organization of marketing and distribution capacities, this could have an

adverse effect on the marketing of its products and on its business, prospects, financial position, results and growth.

In the event that the Company's drug candidates are marketed for an indication with high unmet medical need, the Company would have to enter into license agreements with partners having the necessary marketing infrastructure and distribution network. However, it is possible that:

- the Company does not succeed in entering into license agreements for the marketing of its products under economically reasonable conditions; or
- such agreements are challenged; or
- its partners have difficulty or do not succeed in implementing all the resources necessary to ensure the commercial success of the Company's products; or
- disputes arise between the Company and some of its partners. In particular, the Company cannot guarantee that none of its partners will design or try to implement a commercial activity using products competing with those of the Company. For further details, see section 2.1.1.3 "Risks related to the search for and signing of collaboration or license agreements for the development and the marketing, in particular, of lanifibranor and odiparcil, its two main drug candidates" of this Annual Financial Report.

2.1.3.4 Risks related to its ability to penetrate foreign markets: the Company's development and profitability will depend on its capacity to commercialize its drug candidates on markets other than the French market, particularly in the United States and the rest of Europe

The Company's future profitability will depend, in part, on its capacity or the capacity of its future partners to commercialize its drug candidates on markets other than the French market, particularly in the United States and the rest of Europe. If the Company or its future partners commercialize the Company's candidate products on foreign markets, they will be subject to additional risks and uncertainties, in particular (i) economic or financial risks, (ii) difficulties associated with the acceptance by the medical community, (iii) difficulties associated with the local regulatory environment, (iv) risks related to the protection of intellectual property rights, and (v) difficulties associated with the restrictions specific to some markets.

Such events could have a material adverse effect on the Company's business, prospects, results, financial position and growth.

2.1.4 Legal and regulatory risks

2.1.4.1 Risks related to an increasingly strict legal and regulatory framework: the pharmaceutical industry, of which the Company is a part, is faced with constant changes in its legal and regulatory environment and an increase in supervision by regulatory bodies

At the date of this Annual Financial Report, none of the drug candidates developed by the Company have received a marketing authorization from any regulatory authority. One of the key challenges for a growth company, such as the Company, is to manage to develop, alone or with the assistance of partners, drug candidates that integrate its technologies in an increasingly strict regulatory environment. In fact, the pharmaceutical industry is faced with constant changes in its legal and regulatory environment and an increase in supervision by regulatory bodies, in particular, the National Agency for the Safety of Medicines and Heath Products in France (*Agence Nationale de Sécurité du Médicament et des Produits de Santé*, ANSM), the EMA in Europe, the FDA in the United States, as well as other regulatory authorities in the rest of the world.

Pharmaceutical businesses like the Company must comply with stringent rules and standards to obtain a marketing authorization or to preserve their existing marketing authorizations.

- During the marketing authorization application process, regulatory bodies supervise research and development, pre-clinical and clinical trials, regulations applicable to pharmaceutical companies and the manufacture and marketing of drugs. The health authorities, especially, the ANSM, the EMA and the FDA, have imposed progressively stricter requirements in terms of the volume of data required to demonstrate the efficacy and safety of a product. These increased requirements have subsequently reduced the number of products approved compared with the number of applications filed. The marketing authorization process is long and costly and can last several years. There is no guarantee that the Company will obtain the authorizations needed for all of its products, particularly given the unpredictable nature of clinical trials.
- Under certain circumstances, the health authorities may not issue a marketing authorization for a drug, mainly if:
  - the efficacy and safety of the drug candidate were not ultimately demonstrated;
  - the results of the clinical trials did not achieve the level of significance required by the various health authorities;
  - the benefits of the product did not sufficiently outweigh the risks involved;
  - the health authorities challenged the Company's interpretation of the data extracted from the pre-clinical and clinical trials; and
  - the data from pre-clinical and clinical trials were not sufficient to submit for a marketing authorization.
- The regulatory requirements and processes vary considerably from one country to another so that the Company or its potential partners may not be able to obtain authorization in due time in each country concerned.
- Once awarded an authorization, the Company must, as a pharmaceutical business, comply with additional legal and regulatory requirements concerning the manufacture and marketing of drugs.
- Licensed products are also subject to regular reassessment of their risk/benefit ratio after their authorization. The late discovery of problems not detected during the research and development stage may lead to marketing restrictions, the suspension or withdrawal of the product and a higher risk of lawsuits.

Furthermore, while it is increasingly difficult to bring innovative products to market for the reasons outlined above, government authorities endeavor to make it easier for generic drugs of products already commercialized to enter the market by introducing new regulations that amend patent and data exclusivity rights.

Legal and regulatory requirements applicable to the Company are known but are subject to change. Should any new legal or regulatory provisions (i) lead to an increase in the cost of obtaining and maintaining marketing authorizations for products, (ii) limit the targeted indications of a product, or (iii) reduce the economic value of a new product for its inventor, the growth prospects of the pharmaceutical industry and of the Company could be reduced. Certain laws and regulations relating to drug development require the Company to test its product candidates on animals before initiating clinical trials involving humans. However, since animal testing is controversial, animal rights groups may attempt to have the legislation changed in order to ban it.

Changes in regulations during the development of the Company's drug candidates and their regulatory reviews could lead to delays, a refusal or withdrawal of the authorizations.

In addition, the Company has entered into various scientific and consulting services agreements with physicians and other health care professionals, some of whom could have an influence on the Company's drug candidates being prescribed if and when they are approved. Given the complexity of the applicable regulations, there is a risk that regulatory authorities may deem these agreements are in breach of regulations and may therefore request that they be modified or suspended, or impose significant penalties on the Company. Furthermore, it is likely that the regulatory authorities will step up their monitoring of interaction between the Company and health care providers. Cooperating with

investigations can be a long process and is likely to take up management time. Investigations and any settlement agreements entered into may also give rise to additional costs or have a negative impact on the Company's business and reputation. Ensuring that any relationships between the Company and physicians or other health care professionals are compliant with the applicable laws and regulations in the health care field will inevitably give rise to additional costs.

The materialization of one or more of these risks could have a material adverse effect on the Company's business, prospects, financial position, results and growth.

2.1.4.2 Specific risks related to the obtainment, maintenance and protection of patents and other intellectual property rights: the Company cannot guarantee with any surety that any protection provided by patents will be sufficient to protect the Company against its competitors

The Company's success depends on its ability to obtain, maintain and protect patents and other intellectual property rights.

The Company has filed, and intends to continue to file, patent applications to cover various aspects of its business (see section 1.3.2.1 "Patents" of the 2018 Registration Document). However, due to the length of the patent application procedures, the date of the decision to grant or reject an application cannot be determined in advance, since the legal time limits for responding to a patent application in foreign jurisdictions can depend on the priority dates of each of the Company's patent applications. There is no guarantee that the results of research conducted by the Company will be eligible for legal protection.

In the pharmaceutical sector in which the Company operates, patent rights vary between countries and are constantly evolving. There is no certainty either that a given application will actually lead to a patent or, if a patent is granted, that it will actually give a competitive advantage to the Company or that it will not be challenged or circumvented.

In addition, changes in the law and legal decisions by courts in Europe, the United States and other jurisdictions may affect its ability to obtain adequate protection for its technology and the enforcement of intellectual property.

The fees necessary to keep the patents in force and to renew protected trademarks must be paid regularly, otherwise the Company will lose its rights over these patents and trademarks.

There are a lot of uncertainties and the Company cannot guarantee with any surety that any protection provided by patents will be sufficient to protect the Company against its competitors. The Company may not be able to prevent all infringement of its property rights by third parties. Third parties could also obtain intellectual property rights before the Company. Conversely, the Company cannot guarantee with any surety that there are no prior third-party intellectual property rights that could lead to action against the Company or that may cover some of the Company's products.

The Company is exposed to similar risks regarding its branding. For example, the Company's name has not yet been filed with the US Patent and Trademark Office, which exposes the Company to a notoriety risk in the United States.

Any action taken against the Company, regardless of the outcome, could entail substantial costs that its competitors may be better able to sustain, and could be detrimental to its reputation and financial position. An unfavorable legal judgment could, in particular, require the Company to:

- cease selling and using certain products;
- discontinue (or suffer a penalty) or delay the research, development, manufacture or sale of products or processes affected by the disputed intellectual property rights;
- pay material damages to the complainant;

- obtain the right to enjoy intellectual property rights at a high cost or try to obtain a license from the owner of the intellectual property rights, it being understood that this license may not necessarily be granted or could be granted at unfavorable conditions; and
- review the design of its products or, in the case of claims concerning registered trademarks, rename its products so as to avoid infringing third-party intellectual property rights, which could prove to be impossible or require a lengthy and costly procedure and consequently affect its marketing efforts.

2.1.4.3 Risks related to confidentiality and Company know-how

The Company considers that non-patented and/or non-patentable technologies, processes, know-how, or other data related to the research, development, testing, manufacturing and marketing of its products, represent trade secrets. The Company may be obliged to supply, in various forms, non-patented and/or non-patentable confidential information about technologies, processes, know-how or other data to third parties it works alongside (such as universities and other public or private entities, or its subcontractors). In such cases, the Company generally requires these third parties to sign confidentiality agreements.

However, the Company only has limited control on how its third parties protect this confidential information. Accordingly, these confidentiality agreements may not give the Company the protection it seeks or may be violated.

The Company's rights over its trade secrets and know-how may not ensure the expected degree of protection against its competitors and the Company cannot guarantee with any certainty:

- that its know-how and trade secrets will not be infringed, circumvented, disclosed to competitors or used without its authorization;
- that its competitors have not already developed a technology that infringes the Company's rights, or products or devices comparable or similar in nature or purpose to those of the Company; or
- that no contracting partner will claim ownership of the intellectual property rights over inventions, know-how or results that the Company holds alone or with others, or for which it could benefit from a license.

The Company employs individuals previously employed at universities, pharmaceutical companies or biopharmaceutical companies, including competitors or potential competitors. There is a risk that the Company's employees may claim ownership rights for elements of intellectual property in the development of which they have taken part or payment of additional compensation as consideration for their contribution to an invention, despite the precautions, essentially contractual, taken by the Company. In case of joint ownership of intellectual property rights, the joint owners may refuse to grant a license to the Company under favorable conditions for the latter. The Company may also be subject to claims that it or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third parties. Litigation may be necessary to defend against these claims. If the Company fails in defending any such claims, in addition to paying monetary damages, it may lose valuable intellectual property rights or personnel. If it fails to defend any such claims, in addition to paying monetary damages, it may lose valuable intellectual property rights or personnel, which could have a material adverse impact on the Company, its business, financial position, results, capacity or development.

2.1.4.4 Risks related to product liability: the Company may incur liability as part of its trials, production and marketing of therapeutic products for human use and if unexpected side effects deriving from the administration of these products occur

The Company could incur liability, in particular product liability, as part of the testing, manufacturing and marketing of therapeutic products for human use. It may also incur liability for its clinical trials as part of the preparation of the tested therapeutic products and if unexpected side effects deriving from the administration of these products occur.

Civil or criminal proceedings could be initiated against the Company by patients, regulatory agencies, biopharmaceutical companies or any other third party that uses or licenses its products. Such proceedings may include complaints resulting from action taken by its partners, licensees and subcontractors over which the Company has little or no control.

Regardless of outcome, these proceedings could, in particular, lead to clinical trials being delayed or suspended, cause certain subjects to withdraw from clinical trials, damage the Company's reputation or give rise to investigations by regulatory authorities.

Where this is the case, if the Company, its partners or subcontractors are held liable, the continuation of the development and marketing of its drug candidates could be jeopardized and the Company's financial position could be affected.

In the event that the contractually capped indemnity undertakings agreed by its subcontractors are not sufficient to protect the Company against the proceedings that could be initiated against it, the latter could be the only solvent entity capable of indemnifying a loss. The Company cannot guarantee that its current insurance cover is sufficient to protect it against the proceedings that could be initiated against it. If it were to be held liable and if it were not able to obtain and maintain appropriate insurance coverage at an acceptable cost or to take precautions in any manner whatsoever against such product liability actions, this would seriously affect the marketing of these drug candidates and, more generally, harm the Company's business, results, financial position, growth and prospects.

2.1.4.5 Risks related to the protection of personal data

As part of its activities, the Company processes personal data. The General Data Protection Regulation (GDPR) and implementing legislations at EU Member State level apply to the collection and processing of personal data, including health-related information, by companies located in the EU, or in certain circumstances, by companies located outside of the EU and processing personal information of individuals located in the EU. The GDPR also restricts the transfer of personal data to certain countries outside the European Union, particularly the United States, which are not deemed by the European Commission to guarantee a sufficient level of protection. Under the GDPR, contractual clauses or internal rules must be put in place subjecting recipients of such transfers to strict requirements so as to guarantee a sufficient level of protection.

In the United States, numerous federal and state laws and regulations, including federal health information privacy laws, state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws, which govern the collection, use, disclosure and protection of health-related and other personal information could apply to the Company's operations or the operations of its collaborators.

Compliance with US and European data protection laws and regulations could require the Company to take on more onerous obligations in its contracts, restrict its ability to collect, use and disclose data, or in some cases, impact its ability to operate in certain jurisdictions. Moreover, clinical trial subjects, employees and other individuals about whom the Company or its potential collaborators obtain personal information, as well as the providers who share this information with the Company, may limit its ability to collect, use and disclose the information.

Failure to comply with these laws and regulations could result in government enforcement actions (which could include civil, criminal and administrative penalties), private litigation, and/or adverse publicity and could negatively affect the Company's operating results and business. For example, if the Company did not comply with the provisions of the GDPR, a fine of up to €20 million or 4% of the Company's revenue, whichever amount is higher, could be enforced.

2.1.5 Financial risks

2.1.5.1 Liquidity risk: the Company believes that it will have sufficient funding to finance its activities until the end of the second quarter of 2021

At December 31, 2019, the Company's cash and cash equivalents totaled €35.8 million. Since its inception in October 2011, the Company has made major investments, financed in particular by (i) the exceptional subsidy of €96 million in the form of quarterly payments granted by Abbott in 2012 and which expired in 2017, (ii) the revenue generated by the AbbVie Partnership, and (iii) the reimbursement of French research tax credit (*Crédit d'impôt recherche*, CIR) receivables.

At the date of this Annual Financial Report, the Company does not consider itself exposed to a liquidity risk in the coming 12 months. Cash and cash equivalents amounted to €35.8 million at December 31, 2019 following the two capital increases carried out in September 2019 subscribed by a new shareholder and three of the Company's existing shareholders. These increases, representing a gross total amount of €8.9 million, through the issue of 4,473,935 new shares, allow the Company to finance all of its activities until the end of the third quarter of 2020. The €3.5 million milestone payment from AbbVie in December 2019, the €3.6 million 2017 CIR research tax credit paid in the fourth quarter of 2019, and the €4.2 million 2018 CIR research tax credit paid in January 2020 extends the Company's liquidity horizon until the middle of the first quarter of 2021.

Following the capital increase carried out in February 2020 for the benefit of existing shareholders of the Company, the Company's cash and cash equivalents will amount to €50.7 million (unaudited figure). This capital increase, representing a gross total amount of €15 million, through the issue of 3,778,338 new shares, should allow the Company to finance all its activities until the end of the second quarter of 2021.

After this date, the Company may be unable to finance its growth itself and will need to strengthen its equity or find additional financing for its development.

The implementation and terms and conditions of new financing which would depend on factors, particularly economic and market ones, over which the Company has no control. This new financing could take the form of bank or bond financing which would then affect the Company's financial structure, or a capital increase, with the ensuing share dilution.

2.1.5.2 Risks related to uncertain additional funding: beyond its financing horizon, the Company may face difficulties to raise additional funding

Further major financial investments are needed and will be needed for the development of the Company's programs, in particular for its clinical programs (odiparcil and lanifibranor), its YAP/TEAD program and its pre-clinical product portfolio. The Company will need additional funds as and when its clinical programs reach more advanced stages of development, particularly in order to finalize its clinical trials and, if these are successful, to manufacture and market its drug candidates.

The Company may need additional funds in order to make new investments that are currently unknown or still difficult to evaluate since they relate to projects under development. It is difficult to accurately predict the total costs associated with the pre-clinical and clinical development of the Company's products while most of the Company's products are still at an early stage of development.

The need and search for additional funding could distract the Company's management from its day-to-day tasks, which in turn could affect the development and possible marketing of its drug candidates.

Should the Company be unable to secure additional financing needed under acceptable conditions, this could affect its activity, organization, performance and development and, more specifically, it may be forced to delay or discontinue the development or marketing of some of its products, implement a plan for the reduction and management of its fixed costs, or enter into new collaboration agreements that

could be less favorable for the Company than those it might have obtained in a different context, which could hinder its growth prospects.

2.1.5.3 Risks related to past and future losses: the Company incurred losses of €33.6million in 2018 and €30.2 million in 2019

Ever since it was created in 2011, the Company has focused its attention on the obtainment and pre-clinical and clinical development of its drug candidates, with no guarantee that it will be able to market them or that they will prove to be profitable, and has incurred significant losses. In its financial statements prepared in accordance with IFRS, it recorded a net loss of €33.6 million in 2018, €30.2 million in 2019.

To press ahead with its development, the Company will need to continue in the same vein and incur more expenditure, which will inevitably lead to an increase in operating losses.

The Company will no doubt incur more significant losses than those already sustained, particularly as a result of future investments and developments (see section 2.1.5.1 "Risks related to uncertain additional funding" of the present Annual Financial Report).

Due to the many uncertainties related to the development of pharmaceutical products, the Company is not able to predict how its losses will evolve or when it will begin to generate profit. If and when it begins to generate profit, it will not be able to guarantee that this profitability will be sustainable or that it will grow.

The increase in operating losses could have a material adverse effect on the Company, its business, prospects, financial position, results, development and ability to secure funding.

2.1.5.4 Risk of dilution: the issue of new shares and/or the allotment of new financial instruments giving access to the Company's share capital will result in a potentially significant dilution for the Company's shareholders

As part of its policy to provide incentives to its managers, directors and employees and in order to attract and retain qualified personnel, the Company has issued and awarded share warrants (*bons de souscription d'actions*, BSA or BSA share warrants), founder share warrants (*bons de souscription de parts de créateur d'entreprise*, BSPCE or BSPCE share warrants) and free shares (*actions gratuites*, AGA), as described in section II.2 "Securities giving access to the share capital and call options" of the present Annual Financial Report.

At the date of this present Annual Financial Report , on the basis of share capital amounting to €306,877.50 , the exercise of all of the dilutive instruments that have been awarded but not yet exercised, representing 767 550 shares, would result in dilution of approximately 3% (see section II.2.4 "Summary of dilutive instruments held by executives, directors and employees" of the present Annual Financial Report).

In accordance with the conditions set by the resolutions voted at the Annual General Meetings, which ruled on the award conditions of the dilutive instruments, the issue of shares that can result from the exercise of these dilutive instruments may be realized at a significantly discounted rate.

The Company could, in the future, issue or allot shares or new financial instruments giving access to the Company's share capital that may lead to further, potentially significant, dilution for the Company's shareholders. This excludes however any issue of free BSA share warrants or any issue under subscription conditions not correlated to the BSA market value granted to Directors, in accordance with the provisions of law, and having been discussed by the AMF in a press release dated June 5, 2018.[1]

[1] *BSA share warrants granted to Company directors: the AMF wishes to draw the attention of issuers to this type of transaction*, June 5, 2018.

2.1.5.5 Risks related to access to the research tax credit

At end-September 2019, the Company received payment of 81% of the total amount of the 2017 CIR research tax credit, i.e., €3.6 million out of a total of 4.5 million euros requested. It received the entire amount of the 2018 CIR research tax credit, i.e., €4.2 million, in January 2020. (see note 12. Provisions under section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of the present Annual Financial Report).

At the date of the present Annual Financial Report, the Company contested the rationale for the 19% withheld from the 2017 CIR research tax credit and will lodge a complaint with the mediator to challenge the audit procedure in February 2020.

2.1.5.6 Risk of not being able to use future loss carry forwards

At December 31, 2019, the Company generated a cumulative tax loss of €93.4 million and calculated a cumulative carry-back receivable of €0,3 million in accordance with applicable tax rules (see Note 6 "Other non-current assets" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2018" of the present Annual Financial Report). The Company may generate tax losses over the next two fiscal years.

In France, the set-off of such losses is capped at €1 million, plus up to 50% of the fraction of profits in excess of this cap. The unused balance of losses can be carried forward to subsequent years, and set off under the same conditions without any time limits.

It cannot be ruled out that future tax changes could call into question these provisions by limiting or eliminating the possibilities of carrying forward any future tax losses the Company may incur, which could have an adverse effect on the Company's performance.

2.1.6 Insurance and risk coverage

The Company implemented policies to cover the main insurable risks with guarantee amounts that it considers compatible with the nature of its business.

However, the Company cannot guarantee that it will always be able to maintain and, where applicable, obtain similar insurance coverage at an acceptable cost, which may lead it to accept more expensive insurance policies and/or assume a higher level of risk. This will become all the more pertinent as it develops its activities.

2.2 Internal control and risk management system

2.2.1 Internal control and risk management

The Company's internal control and risk management system is consistent with its strategic orientations and development. It is based on the document "Risk Management and Internal Control Systems - Reference Framework - Implementation Guide for Small Caps and Midcaps", published by the French Financial Markets Authority (*Autorité des marchés financiers*, AMF) on July 22, 2010 (hereafter referred to as the "AMF Implementation Guide"), and also factors in the recommendations of the Working Group's report on the Audit Committee, published in July 2010.

Consistent with the AMF Implementation Guide, Inventiva's internal control and risk management system is continually upgraded to keep pace with changes in its organization, businesses and economic and regulatory environment.

As part of the rollout of action plans on risk management and the development of internal control measures, the Company endeavors to identify priority internal control areas and processes.

2.2.2 General internal control and risk management principles

2.2.2.1 Definitions and objectives

Risk management:

The Company's risk management system has the following objectives:

- to fortify the pursuit of improvements in patients' health and quality of life through the provision of efficacious therapeutic solutions to non-covered medical needs;
- to create and safeguard the value, assets and reputation of the Company;
- to fortify decision-making and processes conducive to fulfilling objectives while making all due allowance for risk factors;
- to ensure the Company's actions are consistent with its values;
- to develop a sound workforce-wide vision of the main risks facing the Company, plus a clear appreciation of specific risks in each sector, across the whole of the Company's field of action; and
- to protect employees and the environment.

Internal control:

The internal control system is defined and implemented by operational management and all employees to provide Senior Leadership and shareholders with reasonable assurance as to fulfillment of the following objectives:

- compliance with laws and regulations;
- application of instructions and orientations set by the Management Committee;
- proper operation of internal processes, including those contributing to the safeguard of Company assets;
- improvements in operational performance; and
- reliability of financial information and all information released.

The main components of Inventiva's internal control system, as detailed below in this Registration Document, are:

- organization with clear definition of responsibilities, competent and adequate resources, and appropriate information systems, procedures, processes and tools;
- reliable and relevant information management affording all employees the means for exercising their responsibilities;
- risk management system;
- control operations addressing risks and fortifying the pursuit of objectives; and
- steering and oversight of the internal control system.

(a) Organization of internal control and risk management systems

Consistent with Company development and listing of its shares on the Euronext Paris regulated market, the Company initiated, in early 2017, an action plan to strengthen its risk management and internal control systems and to extend its existing internal control environment.

In line with the targets set in 2016 and updated in 2017 along with the action plan for the risk management and internal control system, the Company implemented an action plan in 2019 and carried out the following priority actions:

- consolidation and supervision of the action plans from the update of the risk map and the associated action and control plans. In particular, the Company took into account the results of the independent maturity assessment of the risk management and internal control system carried out in 2018 to consolidate the rollout plan, with a focus on priority recommendations;
- deployment of the quality management system, giving priority coverage to all clinical development activities, including the implementation of the audit plan established for the year 2018.

The Executive Committee, meeting twice in 2019 as the Risk Management Committee, reviewed the update of the risk map and the associated action, control and audit plans, and began to review the rollout of the quality management system on a monthly basis. Furthermore, the Company continued to formalize procedures to govern the risk management process.

The progress of these projects was presented to the Audit Committee twice in 2019.

The priority actions relating to the 2020 risk management and internal control system are as follows:

- continuation and supervision of the action plans from the update of the risk map and the associated action and control plans. In particular, the Company takes into account the results of the independent maturity assessment of the risk management and internal control system carried out in 2018 to consolidate the rollout plan, with a focus on priority recommendations;
- finalization the set-up of the quality management system, giving priority coverage to all pharmaceutic development activities, including the implementation of the audit plan established in 2019;
- implementation and test of the Business Continuity Plan as well as the Company's Business Recovery Plan of the Company;
- test of the crisis management processes and plans; and
- consolidation and formalization of the cybersecurity plan

The quality management system action plan is run by a specialized external company (Sunnikan) liaising with an internal quality manager who reports to the Chairman and Chief Executive Officer.

To avoid overlap between the risk management and internal control standards and the quality management standard, both action plans are managed jointly and closely coordinated.

The scope of risk management and internal control action plans is not limited to procedures for ensuring the reliability of accounting and financial information, but extends to all activities contributing to Company performance and the fulfillment of its objectives.

The action plans are overseen by the Management Committee under the responsibility of the Chairman and Chief Executive Officer, and coordinated by the Administrative and Financial Department.

(b) Scope of internal control and risk management systems

The internal control and risk management systems cover all Inventiva's activities. The Company does not have any subsidiaries and does not hold shares in other companies.

(c) Limitations of internal control and risk management systems

All Company employees are involved in internal control and risk management. Internal control and risk management systems are permanently implemented by Senior Leadership, line management, grassroots management and operational teams.

As noted in section (a) *Organization of internal control and risk management systems*, the action plans run in compliance with the AMF Implementation Guide extend to all operational and support managers and are rolled out and communicated to all employees, creating a cascade effect as implementation proceeds.

The internal control and risk management systems do not in themselves, however, offer an absolute guarantee that the Company will meet its objectives. The main limitations of these systems concern unexpected events and changes in the outside world and human error in judgment, decision-making and implementation.

2.2.2.2 Main players in the steering and operation of internal control and risk management

Senior Leadership

Senior Leadership defines, drives and oversees the implementation of internal control and risk management systems closely adapted to the Company's situation and business:

- it keeps informed on dysfunctions, shortcomings and application difficulties and excesses;
- it oversees application of the corrective actions needed; and
- it informs the Board of Directors on major issues by reporting to the Audit Committee at least twice a year.

Via the Management Committee, Senior Leadership also takes responsibility for rollout and implementation of global risk management processes.

Board of Directors and Audit Committee

Senior Leadership reports to the Audit Committee and the Board of Directors on the main characteristics of the internal control system. The Audit Committee or the Board of Directors may use their powers to require any verifications they consider necessary or take any other initiative they consider appropriate with regard to internal control.

Management Committee

Senior Leadership fields a Management Committee that handles operational steering of the internal control and risk management systems.

The Management Committee comprises: Frédéric Cren (Chairman and Chief Executive Officer and co-founder), Pierre Broqua (Deputy General Manager, Chief Scientific Officer and co-founder), Jean Volatier (Chief Administrative and Financial Officer) and Nathalie Harroy (Head of Human Resources). On research and development matters, this committee is extended to include Susan Coles (Head of Legal Department, in place of Nicolas Gueugnon since March 1, 2019), Marie-Paule Richard (Chief Medical Officer and Head of Development) and Jean-Louis Junien (Senior Advisor). The Management Committee meets fortnightly to examine items on a precise agenda, and minutes are written up for each meeting. The Executive Committee meets as the "Risk Management Committee" at least twice per year and as often as necessary.

Operational and support departments

Under Management Committee coordination, operational and support departments implement risk management actions and internal control procedures relevant to their areas of responsibility.

Ethics/Compliance Officer

Ethics/Compliance issues come under the responsibility of the Chief of Legal Department, whose advice is sought in particular for all Company share transactions made by any person on the list of insiders or by any employee of the Company. Such advice is consultative by nature. These issues and the rules applicable to employees are described in the financial communication policy and the code of stock exchange trading ethics (see section (a) *Internal control and risk management systems* below).

Company personnel

Internal control also involves all employees individually, who hold knowledge and information involved in the establishment, operation and oversight of the internal control system with regard to the objectives assigned to them.

Inventiva does not currently have an internal audit department. In line with its action plans in this area, the Company will be examining the relevance of setting up alternative control methods to ensure the efficacy and quality of its risk management and internal control systems.

As regards their legal mission, the Statutory Auditors are not stakeholders in Inventiva's internal control and risk management systems. By being informed on these systems, they develop a better appreciation of them and form an independent opinion as to their relevance. They may also express recommendations on how improvements might be made on internal control with regard to accounting and financial information.

(a) Internal control and risk management systems

In addition to management by the main players outlined above, Inventiva's internal control and risk management systems also feature four other main components:

- the control environment, shaped primarily by the Company's principles and values;
- risk assessment;
- control activities, defined as rules and procedures implemented to process risks; and
- issue of information.

i. Control environment

Inventiva's control environment spans the following:

- assertion of Inventiva values of close reach, high performance and responsibility. Inventiva takes an operational perspective on each of these values, encompassing cultural, environmental and social as well as economic and managerial aspects;
- ethical business practice, the foundation to the approach taken by Inventiva, which considers that a company's economic performance is indissociable from ethical responsibility;
- stock exchange trading ethics, as regards compliance with requirements on permanent information and management of privileged information, and implementation of appropriate measures with regard to regulations on market abuse. The Board of Directors adopted a code of stock exchange trading ethics (the code) at its meeting of April 18, 2017. The Company has also adopted a financial communications policy and an insider trading policy. These documents were presented to the Economic and Social Committee (ESC), made available to employees on the Company's intranet site and sent to each employee to inform the person of their obligations regarding confidentiality, negative windows and, where applicable, the requirements regarding the declaration of transactions of Inventiva shares. Insiders must expressly acknowledge in writing that they have taken note of the contents of the code. Each insider is also informed when he or she is added to the list of insiders;
- an anti-corruption code of conduct and a progressive alert procedure were implemented during 2019. They have been approved by the Executive Committee and the staff representative bodies in first-half 2019. Staff have been informed of these procedures via email, Intranet and training sessions;
- a human resources policy determined annually for each skill level, applying a common process focused on personnel and professional development of each employee and close consistency between human resources and the performance of operational and support departments.

ii. Risk assessment

The Company's main risk factors are set out in section I.2.1 *Risk factors* of this Annual Financial Report, such information being an integral part of this report.

The Company has set up previously defined action plans to adapt its control environment (risk management and internal control systems) to the regulatory and operational requirements applying to companies listed on the stock exchange.

Initial work on this began in 2012 and has continued in recent years. The actions plans seek to improve and strengthen this initial work.

The Company does not currently carry out formal assessment of its risk management or internal control systems. However, operating its risk management and control system in line with the AMF's reference framework has led to better awareness of risks within the Company, with more attention being paid to managing such risks in all operational and support activities. The next stages of the rollout entail audit and control plans being drawn up for quality management and the preparation of accounting and financial information.

Moreover, the Company does not identify any significant financial risk arising from climate change in the short term. It does, however, plan medium- and long-term analysis under its policy on corporate responsibility.

The maturity assessment of the risk management and internal control system, independent of the overall risk management and internal control assessment run in 2018, concluded that the Company had implemented appropriate action plans with a view to bringing its system up to a satisfactory level of maturity in light of the Company's history, its regulatory framework and common practices in the industry. In 2020, the Company intends to continue in the same vein and implement the recommendations from the assessment [and considers an update of the assessment in 2020].

iii. Control activities

For its operational activities, the Company has a documented set of procedures that is communicated to all employees required to apply and comply with them. The procedures cover all research (drug discovery) and development (clinical development programs) activities. The action plan on quality management seeks to extend, improve and put into practice all these procedures. In 2019, the Quality Management System of the Clinical Development and Pharmaceutical Development departments was fully deployed, including the systematic review of risks and associated action plans by the Scientific Development Committees held regularly for each project.

For information systems, all employees sign a charter of principles, rules and good practices. The Company's information systems department maintains a permanent watch on fraud risks, data protection and operational efficiency of the Company's information systems. Objectives and resources are reviewed at each budget phase to ensure optimum monitoring. The Company complies with French legislation on data privacy and to ensure compliance with new European legislation on personal data protection, namely the GDPR. The Company carried out the following measures:

- appointment of a Data Privacy Officer;
- assessment of the impact of the new law on the Company's data protection system;
- preparation of procedures relating to privacy protection, personal data protection and the breach of personal data protection;
- discussions with the Company's providers;
- implementation of Informed Consent Forms (ICF) for clinical trials in several countries; and
- auditing of subcontractors to ensure that they comply with these regulations.

Once the procedures have been validated by the Executive Committee, the action plan will be communicated in full to all staff.

Details on the environment for the production of accounting and financial information appear in section (b) *Internal control processes on production and processing of financial and accounting information* of this Annual Financial Repport.

iv. Information issue

Wherever possible, all employees are notified of internal control information (permanent procedures accessible in shared folders, email reminders on procedures, information meeting, etc.). Ad hoc information campaigns may be run for certain procedures and standards.

(b) Internal control processes on production and processing of financial and accounting information

Financial activity is managed internally by the Administrative and Financial Director assisted by an accounts/management control officer, an accounting officer and a financial controller dedicated to clinical development. A second financial controller also joined the Company in early 2019 to reinforce the financial monitoring of ongoing projects. Financial and accounting production is based on an integrated ERP system ensuring accounting, legal and analytical monitoring which was upgraded in 2019, including a complete audit of its IT environment. The Company undertakes to maintain separation between the various Company units that are involved in the process of production of accounting information and uses independent experts for the conversion of the financial statements into IFRS and for assessing complex accounting items (pension liability, valuation of BSAs/AGAs/BSPCEs) and/or those which involve subjective assumptions.

Payroll is outsourced and tax review is assigned to a specialist expert.

The financial statements are prepared internally according to French standards, and then using IFRS standards (as approved by the European Union) externally on the basis of material provided by the Company. They are audited by the Company's Statutory Auditor.

The Administrative and Financial Department reports directly to the Chairman and Chief Executive Officer.

Historic and provisional financial information is obtained through a full, rigorous and documented financial planning process that includes:

- a medium-term strategic plan, updated yearly;
- an annual budget;
- a full quarterly analytical and accounting reporting (to French standards) converted to IFRS at the end of each quarter for the half-yearly and yearly financial statements;
- a monthly cash reporting; and
- an estimation of annual results and comparison with budget, on quarterly closures.

These documents are submitted to the Management Committee and then to the Board of Directors.

The accounting and financial control unit, which reports to the Company's Administrative and Financial Department, is responsible for the integrity and reliability of Inventiva's financial information released inside and outside the Company.

To prepare Company financial statements in accordance with French GAAP, it performs the following functions:

- preparation, validation and analysis of annual financial statements;
- listing and monitoring of off-balance-sheet liabilities;
- preparation, release and verification of accounting procedures to ensure compliance with applicable accounting standards and proper representation of all significant operations into accounting terms;
- steering of the financial information system; and
- scheduling and closure instructions for preparation of the annual financial statements.

From the outset, the Company's financial and accounting management system includes a strict process and procedures for managing expenditure. This includes:

- delegation thresholds by level of responsibility;
- process of review by the purchasing department;
- specific authorization procedures ("recommendations") for significant investments;
- ERP validation circuit covering all expenditure; and
- authorization of contractual undertakings exclusively approved by corporate officers.

As well as undergoing initial verification through a purchase order procedure, expenditure items also require approval by the Administrative and Financial Department, after verification that the products or services in question have been accepted. Payment of incoming invoices for amounts above €50 thousand also requires prior approval by the Chairman and Chief Executive Officer.

To determine the CIR research tax credit, a specific process was set up when the company was first formed, covering factors that include tracking of eligible time-spans and external studies commissioned.

The Statutory Auditors present their observations on the financial statements prepared in accordance with French GAAP and IFRS to the members of the Audit Committee, then to the Board of Directors. In the course of their work, the Statutory Auditors are also informed on the internal control environment and may issue recommendations on improving internal control with regard to accounting and financial information.

As a company listed on the stock exchange, the Company is subject to AMF verification.

(c) Key controls on the Company's main processes and activities

On top of the management and control environment outlined above, the Company also runs an annual progress assessment program.

This monitors and assesses, both overall and for key managers and employees, compliance with regard to the key objectives set for each function, and verifies that key controls are carried out.

Under this program, objectives are set on an annual basis during the budgetary process, and assessments are performed in the first quarter. For managers, performance percentages conditioning variable compensation are reviewed by the Management Committee.

3 Accounting and financial information

The following information on the Company's earnings and financial position is based on the parent company statements drawn up in accordance with IFRS on a voluntary basis by the Company and should be read in conjunction with this Annual Financial Report as a whole.

3.1 General overview of activities

Since the Company's founding, most of its resources have gone into research and development ("R&D"), particularly in order to develop:

- the lanifibranor clinical program in the ongoing NATIVE Phase IIb clinical trial for the treatment of NASH. The Company expects to report data from this trial in the first half of 2020;
- the lanifibranor clinical program in FASST Phase IIb clinical trials completed in February 2019 for the treatment of patients with SSc. Following publication of the findings of this study in February 2019, the Company decided to halt the lanifibranor clinical program for the treatment of patients with systemic sclerosis (SSc);
- the odiparcil clinical program, for which the positive results of the Phase IIa clinical study in the treatment of type VI mucopolysaccharidoses, or MPS VI, were announced in December 2019; and

- to a lesser extent, the Company's pre-clinical product portfolio, notably in the field of oncology.

Changes in research and development costs are detailed in section 3.3.2 "Operating expenses" below.

3.2 Significant events in 2019

3.2.1 Operations and product portfolio

▶ **Lanifibranor**

Inventiva's flagship drug candidate, lanifibranor, contains a 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 NASH, a severe and rapidly developing liver disease that already affects 12% of the population of the United States, with no approved treatment at present.

The standout events related to the development of lanifibranor in 2019 were as follows:

- The discontinuation of the development of lanifibranor for the treatment of patients with SSc following the publication in February 2019 of the results of the FASST Phase IIb clinical trial, which did not meet its primary endpoint.
- The randomization in February 2019 of the first patient in the United States in the NATIVE Phase IIb clinical trial.
- The lifting by the Food and Drug Administration (FDA) in the United States in May 2019 of the clinical hold in place on the peroxisome proliferator-activated receptor (PPAR) target class, confirming lanifibranor's favorable and differentiating safety profile.
- The securing in August 2019 of a new patent in the United States and 38 European countries reinforcing the protection of lanifibranor in the treatment of fibrotic diseases including NASH until 2035.
- The end of patient enrollment for the Phase IIb trial with lanifibranor in NASH in September 2019.
- The recommendation by the second and third Data Safety Monitoring Board (DSMB) reviews to continue the NATIVE Phase IIb trial without protocol modification, in October 2018 and March 2019 respectively, and the receipt in September 2019 of the positive opinion of the fourth and last DSMB review of the NATIVE Phase IIb clinical trial evaluating lanifibranor in NASH.
- The continuation of the Phase II clinical study lead by Professor Cusi evaluating lanifibranor in the treatment of NAFLD in patients with type 2 diabetes, with complete results expected in 2021.
- The receipt of FDA Fast Track status in the United States for lanifibranor in the treatment of NASH in September 2019, the trial results of which are scheduled for publication in the first half of 2020.

▶ **Odiparcil**

Inventiva is also developing a second clinical program with its product candidate odiparcil to treat MPS VI, a very severe and rare genetic disease. The Company believes odiparcil's mechanism of action is relevant to a number of MPS subtypes. It also plans to initiate pivotal trials for the treatment of MPS subtypes I, II, IVa and VII.

The standout events related to the development of odiparcil in 2019 were as follows:

- The receipt in March 2019 from the FDA in the United States of the Rare Pediatric Disease Designation (RPDD) for odiparcil in the treatment of MPS IV.

- The recommendation in March 2019 by the second DSMB review to continue the Phase IIa iMProveS clinical trial evaluating odiparcil in the treatment of MPS VI without protocol modification.
- The end of patient enrollment in June 2019 in Europe in its Phase IIa iMProveS clinical trial evaluating odiparcil in the treatment of MPS VI.
- Progress in the development of odiparcil, with the enrollment in September 2019 of the first patients in a new biomarker trial in MPS VI in adults and children, the results of which are expected in the first half of 2020.
- The announcement of the positive results of the Phase IIa clinical trial of the iMProveS study with odiparcil in MPS VI on December 18, 2019. These results were presented at the 16th Annual WORLDSymposium™ in early February 2020.

▶ **YAP/TEAD**

Since its inception, the Company has developed a portfolio of projects in the field of oncology. They include the Hippo signaling pathway program which aims to disrupt the interaction between yes-associated protein, or YAP, and transcription enhancer associated domain transcription factors, or TEAD, an interaction that plays a key role in oncogenic and fibrotic processes. The Company is in the process of selecting an oncology drug candidate for its Hippo program and has launched a research program to identify molecules with improved characteristics compared to the lead program (back-up program).

The standout events related to the oncology program in 2019 were as follows:

- The presentation in May 2019 of new results in the treatment of malignant pleural mesothelioma at the special conference of the American Association for Cancer Research (AACR) on the hippo pathway.

The selection of a drug candidate for the YAP/TEAD oncology program is underway and its pre-clinical development started in 2019.

3.2.2 Partnerships with AbbVie and Boehringer Ingelheim

In 2019, the Company's revenue was mainly generated by two strategic partnerships:

- The collaboration agreement entered into with AbbVie in August 2012 (the "AbbVie Partnership")

  As of April 2019, the Company no longer provides research services under the RORγ program or the AbbVie Partnership, but remains eligible for clinical, regulatory and commercial milestone payments and royalties on ROR reverse agonists discovered during the collaboration.

  On December 3, 2019, Inventiva received a €3.5 million milestone payment from AbbVie following the enrollment of the first patient with psoriasis in the ongoing clinical trial of ABBV-157.

- The research, discovery and licensing partnership signed with Boehringer Ingelheim in May 2016 (the "**BI Partnership**")

  For internal reasons regarding prioritization in its product portfolio, BI informed Inventiva of its decision to end its collaboration on IPF with the Company at November 12, 2019.

  Following this decision, all intellectual property, molecules and data from this collaboration will belong to Inventiva. The Company will be reviewing the research program and deciding on the most appropriate option for the future, including continuing to develop it internally or through a partnership with another recognized player in the field.

The AbbVie and BI partnerships accounted for 88.5% and 58.6% of the Company's revenue in 2019 and 2018 respectively, and are analyzed in section 3.3.1."

Revenue and other income" below.

3.2.3 Events affecting the Company's share capital

3.2.3.1 Capital increase

In 2019, Inventiva successfully carried out two capital increases in a total amount of €8.9 million, including €8.2 million subscribed by leading American and European investors in the biotechnology sector on September 20 and €0.7 million subscribed by Sofinnova Partners, director and existing shareholder of the Company, on October 2, 2019.

Net proceeds from the transactions were €8.5 million, which is used primarily for research and development activities, including the development of its drug candidates, especially lanifibranor and odiparcil. These capital increases allowed the Company to increase its financial visibility, extending it until the end of the third quarter of 2020.

These events and their impact on the financial statements are described in Note 1.2 "Significant events" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report.

3.2.3.2 New BSA share warrant and AGA free share plans

▶ **New free share award plans**

On June 28, 2019, the Company's Board of Directors decided to put in place two free share award plans (AGA 2019-1 and AGA 2019-2) for certain Company employees.

The provisions of these plans are described in Note 1.2, "Significant events" and Note 10, "Shareholders' equity" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report.

▶ **New share warrant award plans**

On June 26, 2019, the Company's Board of Directors allotted 10,000 share warrants to David Nikodem, partner of Sapidus Consulting Group LLC, a Company service provider.

The provisions pertaining to these warrants are described in Note 1.2 "Significant events" and Note 10, "Shareholders' equity" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report.

3.2.4 CIR research tax credit

Following the tax audit of the period from January 1, 2013 to December 31, 2015, the Company received a proposed tax adjustment from the French tax authorities disputing the way in which certain research tax credit inputs were calculated over the three fiscal periods audited.

Despite the challenges lodged by the Company (see note 12 "Provision" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report), a collection notice was received by Inventiva on August 17, 2018 for an amount of €1.9 million, including penalties and late payment interest.

The Company disputed the notice and implementation of the procedure pending interlocutory proceedings via a claim lodged on August 29, 2018. This was accompanied by a request for a stay of payment and an additional claim lodged with the tax authorities on January 7, 2019. The Company has requested a complete discharge of the amounts claimed in respect of the research tax credits.

The Company is still awaiting a decision concerning the claims lodged with the tax authorities, and no additional provision was recorded for this tax audit in 2019.

Furthermore, the Company has successively received:

- €3.6 million in September 2019, corresponding to the 2017 research tax credit, i.e., 81% of the claim in respect of the 2017 research tax credit. As of December 31, 2019, taking into account ongoing discussions and the challenges lodged, the Company estimates the maximum risk associated with the 2017 research tax credit at €0.2 thousand, covered in full by a provision recorded in the financial statements for the year ended December 31, 2019 (see Note 1.2 "Significant events" and Note 12 "Provisions" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report; and

- the entire 2018 research tax credit in January 2020, i.e., €4.2 million (see Note 26 "Events after the reporting date" in section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report).

3.3 Earnings analysis

3.3.1 Revenue and other income

In thousands of euros	2019	2018
Revenue	6,998	3,197
Revenue	**6,998**	**3,197**
CIR research tax credit	4,293	4,837
Subsidies	-	16
Other income	**4,293**	**4,853**
Total revenue and other income	**11,291**	**8,050**

The Company's revenue is derived from its research and development agreements with AbbVie and BI and the provision of services. The €3.8 million increase in revenue in relation to 2018 is mainly attributable to the positive impacts resulting from the following events:

- the €3.5 million milestone payment from AbbVie in December 2019 following the enrollment of the first patient with psoriasis in the ongoing clinical trial of ABBV-157 fully recognized over the period in accordance with to IFRS 15 - Revenue from Contracts with Customers;
- the reversal of all contract liabilities recognized as of December 31, 2018 in application of IFRS 15 – Revenue from Contracts with Customers in an amount of €2.1 million following BI's decision to end the partnership agreement in September 2019.

These positive impacts are partially offset by the decrease in revenue received in return for research services provided by the Company:

- the research services relating to the AbbVie Partnership ended in April 2019 generated revenue of €0.1 million in 2019, compared with €0.9 million in 2018, i.e., a decline of €0.8 million;
- the research services relating to the BI Partnership discontinued in October 2019 generated revenue of €0.5 million in 2019, compared with €1.1 million in 2018, i.e., a decline of €0.6 million; and

- the research services relating to the service agreement with Enyo Pharma generated revenue of €0.5 million in 2019, compared with €1.0 million in 2018, i.e., a decline of €0.5 million resulting from the end of the contract in the first half of 2019.

Other income

Other income declined by €0.6 million (or 12%) year on year, mainly reflecting the three rectifications relating to research tax credits in respect of 2014, 2015 and 2017, which were submitted in first-half 2018 for an amount of €0.7 million euros. For 2019, only the 2019 research tax credit of €4.3 million is recorded.

3.3.2 Operating expenses

Operating expenses *In thousands of euros*	**2019**	**2018**
Research and development costs	(33,791)	(31,638)
Marketing – Business development expenses	(249)	(225)
General and administrative expenses	(6,088)	(6,045)
Total operating expenses	**(40,128)**	**(37,908)**

3.3.2.1 Research and development costs

Research and development costs can be broken down as follows:

Research and development costs *In thousands of euros*	**2019**	**2018**
Disposables	(1,560)	(2,210)
Energy and liquids	(505)	(504)
Patents	(506)	(401)
Studies	(19,353)	(17,351)
Maintenance	(933)	(934)
Fees	(239)	(98)
IT systems	(793)	(766)
Personnel costs	(8,076)	(7,625)
Depreciation, amortization and provisions	(1,060)	(770)
Other research and development costs	(765)	(978)
Total research and development costs	**(33,791)**	**(31,638)**

The €2.2 million increase in research and development costs (7%) mainly reflects higher spending of €2.0 million (12%) on studies on projects in the development phase, particularly lanifibranor and odiparcil, as described below:

▶ **Lanifibranor**

Study-related expenses for the lanifibranor project rose by €1.3 million (11%) to €13.2 million in 2019.

In line with 2018, costs relating to the lanifibranor project in 2019 break down into two main categories: (i) activities relating to clinical studies and (ii) development activities including pharmaceutical

development, pre-clinical pharmacology and toxicology studies in animals, as well as regulatory requirements.

(i) Costs linked to clinical study activities included, in particular, the following developments over the period:

Treatments for NASH

- Continuation of the NATIVE Phase IIb study in line with regulatory requirements, phased opening of new sites (in the United States, Poland and Slovenia), monitoring of the study, analysis of biological samples, supply of treatment units and renting of fibroscans.

Treatments for dcSSC

- Since the FASST Phase IIb study in the treatment of SSc was discontinued following the publication of results in February 2019, the expenses incurred are mainly related to finalization of the study, including data management and analysis, and to the closing of the investigation centers.

Study by Professor Cusi

- Continuation of the Investigator Initiated Trial, particularly initial patient enrollment.

Phase I studies

- Continuation of four Phase I studies begun in 2018.

(ii) Development costs in 2019 related primarily to:

- pharmaceutical development which in turn consisted primarily in the optimization of the synthesis process for lanifibranor and, to a lesser extent, the stability studies in progress;
- regulatory activities linked to various programs. These costs related primarily to:
    - collaborations with clinical, regulatory and statistical and quality assurance experts (scientific and clinical) to enable Inventiva to conduct its development program in line with required quality standards and regulatory requirements, and
    - the preparation of documents for regulatory authorities in the United States and Europe for the SSc and NASH programs;
- the continuation of *in vitro* studies on animals through collaboration with recognized experts in therapeutic indications in order to improve knowledge of the effects of lanifibranor and its mechanism of action.

► **Odiparcil**

Study-related expenses for the odiparcil project increased by 13% to €5.0 million in 2019, an increase of €1.7 million compared to 2018.

Study-related expenses are broken down into two categories: (i) pre-clinical development costs (€1.8 million) and (ii) clinical development costs (€3.2 million).

(i) Clinical development costs incurred in 2019 mainly relate to:

- the continuation of the iMProveS Phase IIa study including 20 patients, of which 13 finished the six months of treatment and a one-month monitoring period (most recent visit in October 2019). The costs primarily related to the various suppliers involved in the study, the CRO and the investigation centers; and
- the production of the starting compound necessary for the manufacture of a new batch of odiparcil for upcoming studies.

(ii) Pre-clinical development costs incurred in 2019 mainly relate to:

- CMC, pharmacological, toxicological and biomarker development activities; and

- consulting and submission fees related to regulatory activities for the iMProveS study in the United Kingdom and Safe-KIDDS study in France.

▶ **YAP/TEAD**

Study-related expenses for the YAP/TEAD project decreased by €0.3 million (22%) to €1.1 million in 2019.

Costs incurred in 2017 mainly relate to:

- the investigation of compounds identified during early stage *in vitro* and *in vivo* toxicology trials;
- the target engagement and elucidation of the mechanism of action of IV compounds;
- the chemical synthesis of compounds identified in early *in vitro* and *in vivo* toxicology trials; and
- the consulting fees (medical chemistry, biology, toxicology, etc.).

To a lesser extent, the increase in development costs also reflects the following changes:

- a €0.5 million increase in personnel costs, mainly due to the new AGA and BSA plans set up in 2019 and December 2018, as well as the expansion of the development team (see Notes 1.2 "Significant events", 10 "Shareholders' equity" and 18.1 "Personnel costs and headcount" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019");
- a €0.3 million increase in depreciation, amortization and provisions, mainly related to the €0.2 million provision for the 2017 research tax credit (see Note 12 "Provisions" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019"); partially offset by,
- the €0.6 million decrease in disposables related to the reduction in personnel in the research department following the redundancy plan and the discontinuation of research activities under the AbbVie Partnership and the discontinuation of the BI Partnership.

3.3.2.2 Marketing and business development expenses

Marketing and business development expenses can be broken down as follows:

Marketing – Business development *In thousands of euros*	**2019**	**2018**
IT systems	(8)	(9)
Personnel costs	(202)	(182)
Other operating expenses	(40)	(34)
Total marketing and business development expenses	**(249)**	**(225)**

3.3.2.3 General and administrative expenses

General and administrative expenses are mainly composed of administrative personnel and support costs (primarily security and various leasing costs and taxes), non-scientific IT costs and fees. They can be broken down as follows:

General and administrative expenses *In thousands of euros*	2019	2018
Fees	(987)	(1,431)
IT systems	(46)	(49)
Support costs (including taxes)	(568)	(584)
Personnel costs	(2,703)	(2,266)
Depreciation, amortization and provisions	(396)	(179)
Other general and administrative expenses	(1,387)	(1,536)
Total general and administrative expenses	**(6,088)**	**(6,045)**

General and administrative expenses were stable compared with 2018, with a slight increase of €43 thousand (1%), mainly attributable to the €0.4 million increase (19%) in personnel costs, offset by the €0.4 million decrease (31%) in fees compared with 2018. These variations were mainly attributable to:

- the increase in expenses relating to the AGA free share and BSA share warrant plans implemented in 2019 (see Notes 1.2 "Significant events" and 10 "Shareholders' equity" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019") and the expansion of the legal department in early 2019, which increased personnel costs compared with 2018;
- a fall of €0.4 million (31%) in fees compared with 2018 resulting from the decrease in fees for the legal and financial departments, related in particular to the expansion of the legal team.

3.3.3 Other operating income and expenses

Other operating income and expenses break down as follows:

Other operating income and expenses *In thousands of euros*	2019	2018
Other operating income	68	1,932
Other operating expenses	(1,542)	(5,327)
Other operating income and expenses	**(1,475)**	**(3,395)**

In 2019, other operating expenses and income mainly consisted of:

- costs incurred by the Company related to the implementation of the redundancy plan, for which the company agreement was signed on June 11, 2019. The total cost was €1.1 million over the year (see Note 1.2 "Significant events" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019").
- the additional provision of €0.1 million covering the additional late payment interest related to the tax audit on payroll tax (see Note 1.2 "Significant events" and Note 12 "Provisions" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019").

The costs relating to the capital increases of September 20, 2019 and October 2, 2019 are shown as a deduction from additional paid-in capital in a total amount of €0.3 million in 2019 (see Notes 1.2 "Significant events" and 10 "Shareholders' equity" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019").

In 2018, other operating income and expenses related to the tax audit of the 2013, 2014 and 2015 fiscal years, particularly with regard to payroll taxes. Following receipt of the collection notice, the following items were recognized:

- accrued expenses totaling €1.9 million corresponding to the sum requested in the collection notice;
- accrued receivables in an amount of €1.9 million, receivable from the Abbott group under the terms of the Additional Agreement amending the Asset Purchase Agreement (APA); and
- a provision of €1.1 million to cover the tax risk relating to payroll taxes for the 2016 and 2017 fiscal years (which had not yet been audited by the tax authorities).

3.3.4 Financial income

In thousands of euros	2019	2018
Income from cash and cash equivalents	157	120
Foreign exchange gains	18	21
Total financial income	**175**	**142**
Interest cost	(3)	(4)
Losses on cash and cash equivalents	-	(202)
Foreign exchange losses	(62)	(36)
Other financial expenses	(16)	(11)
Total financial expenses	**(81)**	**(253)**
Net financial income (loss)	**93**	**(111)**

Net financial income increased by €0.2 million year on year, mainly driven by the stronger performance of cash equivalents on the back of more favorable bond market conditions.

3.3.5 Corporate income tax

The income tax rate applicable to the Company is the French corporate income tax rate of 31%.

Corporate income tax *In thousands of euros*	2019	2018
Loss before tax	(30,218)	(33,364)
Theoretical tax rate	31%	33.33%
Tax benefit at theoretical rate	9,368	**11,120**
Tax credits	1,330	1,658
Permanent differences	(21)	867
Other differences	(404)	(269)
Unrecognized deferred tax assets relating to tax losses and other temporary differences	(10,272)	(13,630)
Actual income tax benefit (expense)	-	**(253)**
Of which: - current taxes	-	-
- deferred taxes	-	*(253)*
Effective tax rate	-	-

Tax credits mainly include the research tax credit in an amount of €4.3 million in 2019, compared with €4.8 million in 2018.

The Company recorded tax losses for the years ended December 31, 2019 and December 31, 2018. As recovery of these tax losses in future periods was considered unlikely due to the uncertainty inherent to the Company's activity, no deferred tax assets were recognized at December 31, 2019 or at December 31, 2018.

Income tax in 2018 corresponded chiefly to the change in deferred taxes relating to the provision for retirement benefits, reversed in full over the period.

3.3.6 Net loss

The Company reported a net loss of €30.2 million for the year ended December 31, 2019 and of €33.6 million for the year ended December 31, 2018.

3.4 Balance sheet analysis

3.4.1 Non-current assets

Non-current assets comprise:

- other non-current assets consisting mainly of sums to be received from the Abbott group following the tax audit of the 2013, 2014 and 2015 fiscal years (see Note 12 "Provisions" in section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019") and pledged term accounts;
- property, plant and equipment mainly comprising the assets acquired when the Company was incorporated; and
- intangible assets mainly comprising the library of compounds and software.

Non-current assets *In thousands of euros*	**Dec. 31, 2019**	**Dec. 31, 2018**
Intangible assets	1,228	1,543
Property, plant and equipment	3,721	4,261
Other non-current assets	3,135	2,374
Total non-current assets	**8,084**	**8,178**

Non-current assets decreased by €0.1 million (1%) on December 31, 2018. This is mainly attributable to:

- the fall in the net carrying amount of property, plant and equipment and intangible assets mainly owing to annual depreciation/amortization (see Notes 4 and 5 of section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019"); and
- the increase in other non-current assets in the amount of €0.8 million resulting mainly from the pledge of cash granted by the Company in the amount of €0.7 million under the guarantee given to the tax administration in February 2019 (see Notes 1.2 "Significant events", 6 "Non-current assets", 12 "Provisions" and 22 "Off-balance sheet commitments" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019").

3.4.2 Current assets

Current assets *In thousands of euros*	Dec. 31, 2019	Dec. 31, 2018
Total inventories	387	410
Trade receivables	4	6
Income tax receivables	9,833	9,434
Other receivables	2,811	5,093
Cash and cash equivalents	35,840	56,692
Total current assets	**48,875**	**71,634**

Current assets decreased by €22.8 million (32%) on December 31, 2018. This was notably attributable to:

- the €20.8 million decrease in cash and cash equivalents related to the Company's activity (see section 3.5 "Cash flow and equity" of this section).
- the €2.3 million (45%) decrease in other receivables resulting both from the €1.6 million reduction in taxes on revenues compared with December 31, 2018 following reimbursement in the first half of 2019 of VAT credits frozen by the tax authorities on December 31, 2018 and the €0.7 million reduction in prepaid expenses related to the recognition in 2018 of advance payments of rents related to fibroscans and certain ad hoc scientific work.

3.4.3 Shareholders' equity

Shareholders' equity *In thousands of euros*	Dec. 31, 2019	Dec. 31, 2018
Share capital	268	223
Premiums related to share capital	86,012	77,460
Net loss for the period	(30,218)	(33,617)
Reserves	(14,670)	17,530
Total shareholders' equity	**41,392**	**61,596**

Shareholders' equity fell by €20.2 million (33%) compared to December 31, 2018. The change was attributable mainly to the two capital increases carried out by the Company in September and October 2019 in a total net amount of €8.6 million, and the recording of the expense relating to share-based payments in an amount of €1.4 million. These movements were negatively impacted by the loss of €30.2 million generated in 2019.

Changes in shareholders' equity from January 1 to December 31, 2019 are described in further detail in Note 10, "Shareholders' equity" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019".

3.4.4 Non-current liabilities

Non-current liabilities *In thousands of euros*	Dec. 31, 2019	Dec. 31, 2018
Long-term debt	2	74
Long-term provisions	574	358
Provisions for retirement benefit obligations	1,127	1,029
Long-term contract liabilities	-	1,673
Total non-current liabilities	**1,703**	**3,134**

Non-current liabilities shrank by €1.4 million (46%) versus end-December 2018. The decrease is attributable mainly to the reversal of all contract liabilities in the amount of €2.2 million, including €1.7 million in long-term liabilities, following the termination of all contracts in 2019 (see Note 15 "Contract liabilities" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019").

3.4.5 Current liabilities

Current liabilities *In thousands of euros*	Dec. 31, 2019	Dec. 31, 2018
Short-term debt	113	151
Short-term provisions	1,264	1,140
Trade payables	7,491	8,372
Short-term contract liabilities	-	548
Other current liabilities	4,998	4,871
Total current liabilities	**13,865**	**15,082**

Current liabilities decreased by €1.2 million (8%) on December 31, 2018, mainly reflecting:

- the reduction in trade payables in an amount of €0.9 million resulting chiefly from the very high activity related to the FASST study, discontinued in February 2019, and the NATIVE study in 2018, which pushed up the level of debt to providers involved in these studies at December 31, 2018; and
- the reversal of all contract liabilities following the termination of all contracts in 2019, resulting in a €0.5 million decrease in current liabilities (see note 15 "Contract liabilities" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report)

3.5 Cash flow and equity

This section analyzes the Company's shareholders' equity, cash position and sources of funding for the years ended December 31, 2018 and December 31, 2019.

3.5.1 Net cash and cash equivalents

Cash, net *In thousands of euros*	Dec. 31, 2019	Dec. 31, 2018
Other cash equivalents	14,003	41,767
Cash at bank and at hand	21,837	14,925
Cash and cash equivalents	**35,840**	**56,692**

At December 31, 2019, cash and cash equivalents amounted to €35.8 million, compared with €56.7 million at December 31, 2018, a decrease of €20.9 million (37%) attributable mainly to the pursuit of the Company's research activities.

Cash at hand and marketable securities held by the Company are essentially invested in deposit accounts that are readily convertible.

These funds are used to finance the Company's activities, especially its research and development costs.

After deducting debt, the Company has a net cash surplus. Borrowings are set out in section 3.5.2.2 below.

Analysis of debt *In thousands of euros*	Dec. 31, 2019	Dec. 31, 2018
Cash and cash equivalents	**(35,840)**	**(56,692)**
Current financial liabilities[1][2]	113	151
Current debt (A)	**113**	**151**
Non-current financial liabilities[2]	2	74
Non-current debt (B)	**2**	**74**
Total debt (A) + (B)	**114**	**225**
Net debt	**(35,725)**	**(56,467)**

(1) *Including €3 thousand in bank overdrafts*

(2) *Following the application of IFRS 16 – Leases, a lease liability in a total amount of €37 thousand was recognized at December 31, 2019, breaking down as €35 thousand in short-term liabilities and €2 thousand in long-term liabilities (see Note 2.1 in section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019")*

With the exception of pledges given on deposit accounts recognized in non-current financial assets for an amount of €0.8 million, at December 31, 2019 there are no restrictions on the use of the Company's cash resources.

3.5.2 Disclosures concerning sources of funding

3.5.2.1 Equity financing

At December 31, 2019, share capital amounted to €268 thousand, up €46 thousand on December 31, 2018. This increase reflects:

- the exercise of 274 BSPCE share warrants by certain Company employees, resulting in the issue of 27,400 new ordinary shares, for a nominal amount of €274 plus an issue premium of €17,693;
- the vesting of AGA free shares to Company employees on January 26, 2019, resulting in the issue of 10,000 new ordinary shares, representing a capital increase of €100;
- the vesting of AGA free shares to Company employees on April 18, 2019, resulting in the issue of 77,500 new ordinary shares, representing a capital increase of €775; and

- the capital increases carried out in September and October 2019 resulting in the issue of 4,159,999 and 313,936 new ordinary shares respectively, representing a capital increase of €44,739.

Capital increases represented the main source of financing in 2019, as has been the case since the Company's creation.

As regards its capital increases, the Company increased the total amount of the public offering to €8.9 million. The related transaction costs amounted to €0.3 million, all of which is shown as a deduction from the issue premium. The net funds raised, totaling €8.6 million, were received on September 20, 2019 and October 2, 2019 successively.

Net of all issue costs and including the amounts raised in respect of BSPCE share warrants and AGA free share awards, the Company received a net amount of €8.6 million, which is shown in net cash from financing activities for the period.

A further capital increase was also carried out in February 2020 for a total gross amount of 15 million euros (see paragraph 3.6 "Recent events and key expected milestones").

3.5.2.2 Financing from bank loans

Analysis of debt *In thousands of euros*	**Crédit Agricole 2015**	**CIC 2015**	**Société Générale 2015**	**Lease liabilities**	**Other**[1]	**Total**
Debt carried on the balance sheet at January 1, 2018	**135**	**88**	**141**	**-**	**118**	**482**
+ proceeds	-	-	-	-	2	2
- repayments	(57)	(36)	(51)	-	(115)	(259)
Debt carried on the balance sheet at December 31, 2018	**78**	**52**	**90**	**-**	**5**	**225**
First-time application of IFRS 16	-	-	-	**167**	-	**167**
Debt carried on the balance sheet at January 1, 2019	**78**	**52**	**90**	**167**	**5**	**393**
+ proceeds	-	-	-	-	-	-
- repayments	(58)	(37)	(51)	(130)	(2)	(278)
Debt carried on the balance sheet at December 31, 2019	**20**	**15**	**39**	**37**	**3**	**114**

[1] *Including a repayable advance received from Coface in February 2016 amounting to €115 thousand to be repaid in full in 2018 and bank overdraft facilities amounting to €5 thousand at December 31, 2018.*

The Company has contracted three separate bank loans:

- a €285 thousand loan from Crédit Agricole, agreed on April 23, 2015, at a fixed annual interest rate of 1.32%, repayable in regular installments over a 60-month term;
- a €178 thousand loan from CIC-Lyonnaise de banque, agreed on May 11, 2015, at a fixed annual interest rate of 1.50%, repayable in regular installments over a 60-month term; and
- a €254 thousand loan from Société Générale, agreed on September 24, 2015, at a fixed annual interest rate of 0.90%, repayable in regular installments over a 60-month term. As collateral for this loan, the Company pledged a deposit account with a balance of €100 thousand as of the pledge date, i.e., July 7, 2015.

The funds obtained within the framework of these bank loans have been mainly invested in licenses for scientific applications, research equipment and chemical components added to the Company's compound library.

The impact of the first-time application of IFRS 16 at January 1, 2019 included a €0.2 million increase in debt at the start of the year and a €0.1 million reimbursement of debts in 2019 (see Note 2.1 "Impact of the first-time application of IFRS 16" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019").

Apart from the pledge on the loan from Société Générale, these loans do not impose any financial commitments on the Company (see Note 22 "Off-balance sheet commitments" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019").

The debt maturity profile at December 31, 2019 is as follows:

December 31, 2019 *In thousands of euros*	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
Bank borrowings	74	-	-	-
Other loans and similar borrowings[(1)]	3	-	-	-
Lease liabilities	35	2	-	-
Total financial debt	**113**	**2**	**-**	**-**

(1) o/w current accrued interest on borrowings.

3.5.2.3 Financing from research tax credits

The impact of research tax credit financing on the Company's financial statements is presented in section 3.2.4 "CIR research tax credit".

Thanks to its status as a European SME, the Company should theoretically receive payment in the year following the year in which it incurred the associated research expenses. Consequently, cash proceeds from research tax credits in a given period correspond to the amount of credits calculated on eligible expenditure for the previous period.

Due to audits carried out by the tax administration, the repayment schedule for research tax credits has been deferred:

- the Company received the reimbursement of €3.6 million in research tax credits claimed in 2017 at the end of September 2019, representing 81% of the eligible claim in 2017. At the date of this document, the 19% withheld is disputed by the Company (see Note 1.2 "Significant events" in section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report);
- the entire 2018 research tax credit was received in January 2020 (see Note 26 "Events after the reporting date" in section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report).

Changes in research tax credit balances at December 31, 2019 and December 31, 2018 can be analyzed as follows:

Financing from research tax credits *In thousands of euros*	**2019**	**2018**
Income statement impact of research tax credits	4,293	4,842
Cash flow impact of research tax credits	3,633	-

At December 31, 2019, the impact of the research tax credits included €4.3 million relating to research tax credits for 2019, a decrease of €0.5 million attributable mainly to €0.7 million in claim adjustments on the 2014, 2015 and 2017 research tax credits recorded in 2018.

3.5.2.4 Projected sources of finance

Cash and cash equivalents amounted to €35.8 million at December 31, 2019.

The Company will use the following sources of financing to fund its future operations:

- future capital increases, including the capital increase on February 7, 2020 among existing shareholders of the Company in a total amount of €15 million;
- milestone payments under the AbbVie Partnership;
- research tax credits; and
- financing investments from bank loans for marginal amounts.

Net cash and cash equivalents at December 31, 2019, future cash inflows and cash and cash equivalents from its activity and capital increases should allow the Company to finance its activities until the second quarter of 2021.

3.5.3 Cash flow analysis

The following table analyzes the Company's cash flow for 2019 and 2018:

Cash flow *In thousands of euros*	**2019**	**2018**
Net cash used in operating activities	(28,404)	(34,207)
Net cash used in investing activities	(826)	(420)
Net cash from financing activities	8,379	32,267
Net decrease in cash and cash equivalents	**(20,852)**	**(2,360)**

In 2018 and 2019, the Company mainly required funds to:

- finance its operating activities, including its working capital requirements: net cash used in operating activities amounted to €28.4 million in 2019 and €34.2 million in 2018. This is mainly attributable to research and development costs of €33.8 million in 2019 and €31.6 million in 2018;
- finance investments: net cash used in investing activities amounted to €0.8 million in 2019 and €0.4 million in 2018. This is mainly attributable to acquisitions of property, plant and equipment and changes in non-current financial assets; and
- repayment of bank loans and lease liabilities: cash flows relating to repayments of bank loans totaled €0.1 million in 2019, compared with €0.3 million in 2018. In 2019, financing activities also included repayment of lease liabilities of €0.1 million in accordance with first-time application of IFRS 16 – Leases (see Note 2.1 "Impact of the first-time application of IFRS 16" of section C. "Company financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report).

The Company's main sources of financing are:

- €8.6 million net from the capital increases through the issue of new ordinary shares carried out in September and October 2019;
- €3.5 million in December 2019 related to the milestone payment received under the AbbVie Partnership; and
- €3.6 million in the fourth quarter of 2019 linked to the receipt of 81% of the 2017 research tax credits.

3.5.3.1 Cash flow used in operating activities

In thousands of euros	2019	2018
Net loss for the period	**(30,218)**	**(33,617)**
Elimination of non-cash and non-operating income and expenses:		
Depreciation, amortization and provisions	1,579	2,316
Deferred and current taxes	-	253
Tax credits	(4,297)	(4,971)
Cost of net debt	(5)	5
Share-based compensation expense	1,407	833
Cash flows used in operations before tax, interest and changes in working capital	**(31,534)**	**(35,180)**
Decrease (increase) in receivables	1,780	(3,088)
Increase (decrease) in operating and other payables	(2,974)	4,817
Decrease in inventories	22	30
Tax credits received	3,897	-
Other (including interest paid)	403	(785)
Tax, interest and changes in operating working capital	**3,130**	**974**
Net cash used in operating activities	**(28,404)**	**(34,207)**

The decrease in cash used in operating activities amounted to €5.8 million (17%), mainly resulting from a combination of:

- the €3.8 million increase in revenue compared with 2018, thanks notably to the collection of a €3.5 million non-recurring milestone payment linked to the AbbVie Partnership;
- the receipt of the 2017 research tax credit in the amount of €3.6 million in September 2019; partially offset by
- the €2.2 million increase in research and development expenses in line with the increase in resources allocated to clinical development activities for lanifibranor and odiparcil in 2019; and
- the reimbursement of the VAT credit relating to the period from June 2018 to December 2018 freezed by the tax authorities in the amount of €1.7 million.

3.5.3.2 Cash flow used in investing activities

Cash flow used in investing activities for 2018 and 2019 were as follows:

In thousands of euros	2019	2018
Purchases of property, plant and equipment and intangible assets	(136)	(549)
Disposals of property, plant and equipment and intangible assets	3	-
Net change in other non-current financial assets	(693)	129
Net cash used in investing activities	**(826)**	**(420)**

The increase of €0.4 million in net cash used in investing activities is mainly attributable to:

- the change in other non-current financial assets constituting a cash requirement in 2019 relating to the establishment of an additional term account of €0.7 million in 2019 pledged as part of the guarantee given to the French tax authorities in February 2019, compared with a resource of €0.1 million in 2018 resulting from the lifting of a pledge;
- partially offset by the €0.4 million decrease in acquisitions on 2018.

Investments made over the last three years are as follows:

	Year ended December 31		
In thousands of euros	**2019**	**2018**	**2017**
Intangible assets	(29)	(106)	(108)
Property, plant and equipment	(107)	(443)	(320)
Total	**(136)**	**(549)**	**(428)**

Since all clinical research and development costs are expensed until the market authorizations are obtained, the main investments made over the last three years relate to the following acquisitions of property, plant and equipment and intangible assets (see also Notes 4 and 5 of section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019")

- in 2019, acquisitions mainly concerned technical facilities and research equipment;
- in 2018, acquisitions mainly concerned research equipment and software;
- in 2017, acquisitions mainly concerned research equipment, scientific applications and chemical components added to the Company's compound library (€0.4 million), along with additional software licenses.

No material investments were made in 2019 and the Company has not undertaken any firm commitments for future investments that are material.

3.5.3.3 Cash flow from financing activities

In thousands of euros	**2019**	**2018**
Capital increase	8,654	32,526
Repayment of debt	(146)	(259)
Repayment of lease liabilities	(130)	-
Net cash from financing activities	**8,378**	**32,267**

In 2019, net cash from financing activities amounted to €8.4 million. These cash resources primarily result from the capital increases carried out in September and October 2019, which raised a gross amount of €8.9 million.

Net of all issue costs and including the amounts raised in respect of BSPCE share warrants and AGA free shares, the Company received an amount of €8.7 million directly shown in cash flows for the period

(see notes 1.2 "Significant events" and 10 "Shareholders' equity" in section C. "Financial statements prepared in accordance with IFRS for the year ended December 31, 2019" of this Annual Financial Report).

3.6 Recent events and key expected milestones

▶ **Recent events**

Full payment of 2018 research tax credits received

The Company received the entire amount of the 2018 research tax credit, i.e., €4.2 million, in January 2020.

Vesting of 63,300 AGA free shares

On January 26, 2020, the Chairman and Chief Executive Officer placed on record a capital increase arising from the vesting of AGA 2018-2 free shares in an amount of €633 through the issue of 63,300 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 26,909,412 and the share capital to €269,094.12.

Capital increase reserved for a category of investors

On February 11, 2020, Inventiva carried out a capital increase with cancellation of shareholders' preferential subscription rights in an amount of €15 million through the issue of 3,778,338 new shares with a par value of €0.01 each, for a subscription price of €3.97 each (issue premium included), reserved for a category of investors: BVF Partners L.P., Novo A/S, New Enterprise Associates 17, L.P. and Sofinnova Partners, existing shareholders of the Company.

The gross proceeds of the transaction will amount to €15 million. They is complement the Company's current financial resources and will essentially help finance:

- the completion of the NATIVE Phase IIb clinical trial evaluating lanifibranor in non-alcoholic steatohepatitis (NASH) and the preparation for the launch of Phase III;
- the continued clinical development of odiparcil in the treatment of type VI mucopolysaccharidosis (MPS VI), in particular with the launch of the SAFE-KIDDS Phase I/II clinical trial in children;
- the continuation of the YAP/TEAD oncology program until a drug candidate is selected.

The Company estimates that its available cash at December 31, 2019 (amounting to €35.8 million) together with the €4.2 million 2018 research tax credit paid in January 2020, had extended the Company's liquidity horizon until the middle of the first quarter of 2021. This capital increase helps increase its financial visibility and bring it from the middle of the first quarter of 2021 until the end of the second quarter of 2021, i.e., after the publication of the results of the NATIVE Phase IIb clinical trial, expected in the first half of 2020.

New share warrant plans

On March 9, 2020, the Company's Board of Directors granted two new share warrant plans to two service providers of the Company in a total of 46,000 BSAs:

- 10,000 BSAs (BSA 2019 bis) to Jérémy GOLDBERG, partner of JPG Healthcare LLC; and
- 36,000 BSAs (BSA 2019 ter) to David Nikodem, partner of Sapidus Consulting Group LLC.

Impact on the activity in the context of the COVID-19 pandemic

The COVID-19 pandemic creates an uncertain situation. At this stage, it is difficult to measure the impact on the activities of the Company.

The Company has implemented a series of measures to minimize risks for its employees and support their health and safety , while promoting the continuity of the development of its research programs, including:

- Only a very limited presence maintained on-site to enable the Company to quickly and efficiently restart full activities following the COVID-19 pandemic;
- a small number of employees continuing to work on-site to provide support to local hospitals and institutions in their fight against COVID-19, providing them with masks and protective gear.

Furthermore, the Company does not subject to any material impact on the progress of its studies and current programs and underlined that:

- the publication of the result of Phase IIb NATIVE study remains on track for June 2020, in line with the Company's expectations;
- The recruitment of new patients in Professor Cusi's Phase II clinical study is suspended, the patients already included in the study continue to receive their treatment. Nevertheless, any delay of this trial will not impact the further development of lanifibranor in the treatment of NASH and its potential move into a pivotal Phase III clinical;
- The impact on the launch of the Phase I/II SAFE-KIDDS clinical study evaluating odiparcil in children with MPS VI is difficult to assess, the launch remains anticipated for the end of 2020. However, given that regulatory authorities, hospitals and other relevant bodies are currently fully mobilized around the pandemic, it is possible that it will postpone the recruitment of the first patient in this trial; and
- For its YAP-TEAD program, the Company expects a delay in the selection of a pre-clinical candidate. At this stage, it is difficult to properly assess the impact on the timing of this program.

The global pandemic of COVID-19 continues to rapidly evolve and its ultimate impact is highly uncertain. The Company cannot predict the full extent of potential delays or impacts on its clinical trials, or potential impact on its business. Furthermore, the negative impact extent of this pandemic on the financial markets and the Company's share price is unknown to date.

As of the date of this annual financial report, the Company confirms its cash runway until the end of Q2 2021, beyond the next key clinical milestones.

The COVID-19 pandemic had no impact on the Company's financial statements as of and for the year ended December 31, 2019.

▶ Key expected milestones

- Results of the NATIVE Phase IIb trial evaluating lanifibranor in the treatment of NASH (first-half 2020).
- Results of the second biomarker study in MPS VI in adults and children, planned for first-half 2020: this study is part of Inventiva's strategy of developing biomarkers for evaluating the efficacy of odiparcil in reducing leukoGAGs and skinGAGs. This approach has been launched following the 'FDA's guidance on the relevance of biomarkers for diseases such as MPS.

3.7 Additional information

3.7.1 Performance and other related items over the previous five years

The disclosures in the following tables are based on the results and related information presented in the annual financial statements prepared in accordance with French generally accepted accounting principles.

	2019	2018	2017	2016	2015
I. Financial position at the year-end					
a) Share capital (in euros)	268,461	222,573	164,445	101,300	101,300
b) Number of shares issued during the period	4,588,835	5,812,800	5,706,577	-	-
c) Number of bonds convertible into shares	-	-	-	-	-
II. Comprehensive income from current operations					
In thousands of euros					
a) Revenue before taxes	4,778	3,303	6,521	9,446	4,875
b) Earnings before taxes, amortization and provisions	(27,759)	(35,859)	(13,653)	3,368	3,143
c) Income tax	4,297	4,971	4,753	3,713	3,138
d) Earnings after taxes, amortization and provisions	(30,803)	(31,957)	(10,135)	5,596	5,144
e) Earnings/profit distributed	-	-	-	-	-
III. Per share data (euros per share)					
a) Earnings after taxes, but before amortization and provisions	(1)	(2)	(2)	71	63
b) Earnings after taxes, amortization and provisions	(0)	(2)	(2)	56	51
c) Dividend per share	-	-	-	-	-
IV. Employees (in € thousands, apart from number of employees)					
a) Number of employees	88	112	109	108	106
b) Personnel costs	6,738	6,761	6,357	6,367	6,047
c) Employee benefits (social security, social welfare, etc.)	2,879	2,598	2,518	2,402	2,290

3.7.2 Information on customer and supplier payments

Trade payables as presented in the annual financial statements prepared in accordance with French generally accepted accounting principles, may be broken down as follows by due date:

In thousands of euros	**Au 31 décembre 2019**				
		Past due			
Description	Not yet due	Due in 30 days	Between 30 and 60 days	Due in more than 60 days	TOTAL
Trade payables	58	2,483	74	-	2,616
TOTAL	58	2,483	74	-	**2,616**

In thousands of euros	**December 31, 2018**				
		Past due			
Description	Not yet due	Due in 30 days	Between 30 and 60 days	Due in more than 60 days	TOTAL
Trade payables	288	3,048	390	-	3,726
Supplier invoices not yet received	-	694	-	-	694
TOTAL	288	3,742	390	-	**4,420**

The two tables below show a breakdown of unpaid incoming and outgoing invoices as at December 31, 2019 that are past due:

Trade payables

	Unpaid incoming invoices past due at December 31, 2019				
	Number	Amount net of VAT (in euros)	30 days overdue	60 days overdue	> 60 days overdue
	5	56,793	3,000	45,918	7,875
Total amount of purchases (net of VAT) during the period		27,487,703	27,487,703	27,487,703	27,487,703
%	**5**	**0,21%**	**0,01%**	**0,17%**	**0,03%**

Trade receivables

	Unpaid outgoing invoices past due at December 31, 2018				
	Number	Amount net of VAT (in euros)	30 days overdue	60 days overdue	> 60 days overdue
	0	0	0	0	0
Total amount of sales (net of VAT) during the period	4,777,872	4,777,872	4,777,872	4,777,872	4,777,872
%	**0**	**0,00%**	**0,00%**	**0,00%**	**0,00%**

3.7.3 Statutory Auditor's report on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' Report on regulated agreements and commitments that is issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Inventiva S.A.

Registered Office: 50, rue de Dijon - 21121 Daix

Statutory Auditor's Report on regulated agreements and commitments

Annual General Meeting held to approve the financial statements for the year ended December 31, 2019

To the Shareholders of Inventiva S.A.,

In our capacity as statutory auditors of your Company, we hereby present our report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we have been informed or of which we became aware in the course of our engagement. We are not required to determine whether they are useful or appropriate or to ascertain whether any other agreements or commitments exist. It is your responsibility, under the terms of article R.225-31 of the French Commercial Code, ("Code de commerce"), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, if applicable, in accordance with article R.225-31 of the French Commercial Code, to inform you of agreements and commitments which were approved during previous years and continued to apply during the financial year.

We performed the procedures we considered necessary in accordance with French professional guidance issued by the "Compagnie Nationale des Commissaires aux Comptes" (National Association of Statutory Auditors), relating to this engagement. Our work consisted in verifying that the information provided to us was consistent with the documentation from which it was derived.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE SHAREHOLDER'S MEETING

Agreements and commitments authorized during the year

Pursuant to Article L.225-38 of the French Commercial Code, we hereby inform you that we were have not been informed of any regulated agreements and commitments authorized during the year subject to the approval at the Shareholder's Meeting.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDER'S MEETING

Agreements and commitments approved during previous financial years which continued to apply during the financial year

In accordance with article R.225-30 of the French Commercial Code ("Code de Commerce"), we have been informed of the following agreement, which was already approved by the Shareholders' meetings in previous years and continued to apply during the financial year.

• Executive unemployment insurance agreement:

- Director affected: Mr Frédéric Cren, Chairman of the Board of Directors and Chief Executive Officer;
- Agreement authorized at the Annual General Meeting of June 18, 2013 ;
- Nature, purpose, terms and conditions: executive unemployment insurance agreement of July 27, 2012 with effect as of September 1, 2012. Agreement allowing the Chairman and Chief Executive Officer to receive an indemnity in the event of termination of his corporate office. This agreement may not be terminated before Mr Frédéric Cren's term of office as Chairman and CEO expires;
- The benefit for Inventiva S.A. is to ensure that the Chairman and CEO remains with the Company by guaranteeing him an indemnity in the event of termination of his corporate office.

• Executive unemployment insurance agreement

- Director affected: Mr Pierre Broqua, Deputy General Manager and company director;
- Nature, purpose, terms and conditions: agreement allowing the Deputy General Manager to receive an indemnity in the event of termination of his corporate office. This agreement may not be terminated before term of his corporate office as Deputy General Manager expires;
- The benefit for Inventiva S.A. is to ensure that the Deputy General Manager remains with the Company by guaranteeing him an indemnity in the event of termination of his corporate office.

The statutory auditor

French original signed by Cédric Adens on the March 9, 2020

3.7.4 Additional tax information

3.7.4.1 Sumptuary expenses

Pursuant to Article 223 of the General Tax Code, the non-deductible expenses and charges for the establishment of tax, referred to in paragraph 4 of Article 39 of the Code, is amounted to €10,537. The tax incurred for these expenses and charges are zero due to the deficit fiscal situation in 2019.

In accordance with the provisions of article 223 quater of the General Tax Code, the expenses and charges referred to in article 39-4 of the said code is amounted to €378,451.

3.7.4.2 Excessive or undeclared overheads which have given rise to reinstatement

None

II. Share capital information

1 Share capital and shareholders

1.1 Share capital

1.1.1 Share capital on the date of this Annual Financial Report

On the date of this Annual Financial Report, the Company's share capital amounts to €306,877.50, divided into 30,687,750 ordinary shares, each with a par value of €0.01, all being of the same category and fully paid up.

On the date of this Annual Financial Report, there are no shares not representing capital.

To the best of the Company's knowledge, no pledges have been granted over its share capital.

1.1.2 History of share capital

The table below shows the changes in the Company's share capital over the past three years and up to the date of this Annual Financial Report.

Date	**Transaction**	**Nominal value** *(euros)*	**Total Nominal value** *(euros)*	**Premiums related to share capital** *(euros)*	**Number of shares involved in the transaction**	**Total number of shares**
01/01/2015	Share capital on incorporation	100,300.00	100,300.00	N/A	N/A	100,300
05/31/2016	Stock split	N/A	100,300.00	N/A	N/A	10,030,000
02/14/2017	New share issue(1)	56,512.40	156,812.40	47,979,027.60	5,651,240	15,681,240
03/20/2017	New share issue(2)	553.37	157,365.77	469,811.13	55,337	15,736,577
04/25/2017	Exercise of BSPCEs(3)	5,579.00	162,944.77	328,434	557,900	16,294,477
04/25/2017	Exercise of BSAs(3)	1,500.00	164,444.77	99,000	150,000	16,444,477
01/26/2018	Exercise of BSPCEs(4)	1,803.00	166,247.77	106,384	180,300	16,624,777
04/17/2018	Issue(5)	55,725	221,972.77	35,441,100	5,572,500	22,197,277
04/18/2018	Final award of AGA bonus shares(6)	600	222,572.77	N/A	60,000	22,257,277
01/23/2019	Exercise of BSPCEs(7)	274	222,846.77	17,693	27,400	22,284,677
01/26/2019	Final award of AGA bonus shares(8)	100	222,946.77	N/A	10,000	22,294,677
04/18/2019	Final award of AGA bonus shares(9)	775	223,721.77	N/A	77,500	22,372,177

09/20/2019	Issue[10]	41,599.99	265,321.76	8,236,798.02	4,159,999	26,532,176
10/02/2019	Issue[11]	3,139.36	268,461.12	621,593.28	313,936	26,846,112
01/26/2020	Final award of AGA bonus shares[12]	633	269,094.12	N/A	63,300	26,909,412
11/02/2020	Issue[13]	37,783,38	306,877.5	14,962,218.48	3,778,338	30,687,750

(1) Pursuant to the delegation granted by the Combined General Meeting of September 30, 2016 in its tenth resolution, 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), thereby resulting in a capital increase of €56,512.40 plus a total premium of €47,979,027.60 (before deduction of related costs).

(2) Pursuant to the authorization granted by the Combined General Meeting of September 30, 2016, in its fourteenth resolution and in accordance with Article L. 225-135-1 of the French Commercial Code, the Board of Directors decided on March 16, 2017 to increase the share capital in an amount of €470,364.50 through the issue, with no 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.

(3) On April 25, 2017, the Chairman and Chief Executive Officer placed on record a capital increase arising from the exercise of (i) 5,579 BCE 2013-1 founder share warrants (as defined below) in an amount of €5,579 through the issue of 557,900 new ordinary shares with a par value of €0.01 each, and (ii) 1,500 BSA 2013-1 share warrants (as defined below) in an amount of €1,500 through the issue of 150,000 new ordinary shares with a par value of €0.01 each.

(4) On March 14, 2018, the Chairman and Chief Executive Officer placed on record a capital increase arising from the exercise of BCE 2013-1 founder share warrants (as defined below) in an amount of €1,803 through the issue of 180,300 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 16,624,777 and the share capital to €166,247.77.

(5) Pursuant to the delegation granted by the Combined General Meeting of May 29, 2017 in its fifteenth resolution, the Board of Directors decided on April 12, 2018 to issue 5,572,500 new shares with a par value of €0.01 each at an issue price of €6.37 per share (including an issue premium of €6.36 per share), thereby resulting in a capital increase of €56,725 plus a total premium of €35,496,825.

(6) On April 24, 2018, the Chairman and Chief Executive Officer placed on record a capital increase arising from the vesting of AGA 2017-2 bonus shares (as defined below) in an amount of €600 through the issue of 60,000 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 22,257,277 and the share capital to €222,572.77.

(7) On January 23, 2019, the Board of Directors placed on record a capital increase arising from the exercise of 274 BCE 2013-1 founder stock warrants (as defined below) in an amount of €274 through the issue of 27,400 new ordinary shares with a par value of €0.01 each.

(8) On January 26, 2019, the Chairman and Chief Executive Officer placed on record a capital increase arising from the vesting of AGA 2018-1 bonus shares (as defined below) in an amount of €100 through the issue of 10,000 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 22,294,677 and the share capital to €222,946.77.

(9) On April 18, 2019, the Chairman and Chief Executive Officer placed on record a capital increase arising from the vesting of AGA 2017-1 bonus shares (as defined below) in an amount of €775 through the issue of 77,500 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 22,372,177 and the share capital to €223,721.77.

(10) Pursuant to the delegation granted by the Combined General Meeting of January 18, 2019 in its fifth resolution, the Board of Directors decided on September 18, 2019 to issue 4,159,999 new shares with a par value of €0.01 each at an issue price of €1.99 per share (including an issue premium of €1.98 per share), thereby resulting in a capital increase of €41,599.99 plus a total premium of €8,236,798.02.

(11) Pursuant to the delegation granted by the Combined General Meeting of January 18, 2019 in its fifth resolution and the subdelegation granted by the Board of Directors on September 18, 2019, the Chairman and Chief Executive Officer decided on September 30, 2019 to issue 313,936 new shares with a par value of €0.01 each at an issue price of €1.99 per share (including an issue premium of €1.98 per share), thereby resulting in a capital increase of €3,139.36 plus a total premium of €621,593.28.

(12) On January 26, 2020, the Chairman and Chief Executive Officer placed on record a capital increase arising from the vesting of AGA 2018-2 bonus shares (as defined below) in an amount of €633 through the issue of 63,300 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 26,909,412 and the share capital to €269,094.12.

(13) Pursuant to the delegation granted by the Combined General Meeting of January 18, 2019 in its fifth resolution, the Board of Directors decided on February 6, 2020 to issue 3,778,338 new shares with a par value of €0.01 each at an issue price of €3.97 per share (including an issue premium of €3.96 per share), thereby resulting in a capital increase of €37,783.38 plus a total premium of €14,962,218.48.

The table below shows the changes in the allocation of the Company's share capital over the past three years and up to the date of this Annual Financial Report.

	Position at March 31, 2019 (non-diluted basis)			Position at April 8, 2019 [1] (non-diluted basis)			Position at March 31, 2018 (non-diluted basis)		
	Number of shares	% of share capital	of voting rights	Number of shares	% of share capital	of voting rights	Number of shares	% of share capital	of voting rights
Frédéric Cren	5,704,816[2]	18.6%[2]	27.9%[2]	5,890,000	26.4%	36.8%	6,015,000	36.2%	45.1%
Pierre Broqua	3,882,500	12.7%	19.0%	3,882,500	17.4%	24.2%	4,007,500	24.1%	30.1%
Sub-total - Concert	**9,587,316**	**31.2%**	**46.8%**	**9,772,500**	**43.8%**	**61%**	**10,022,500**	**60.3%**	**75.2%**
Investors holding more than 5% of the share capital at the date of this Universal Registration Document									
BVF Partners L.P.	6,860,525	22.4%	16.7%	3,334,564	15.0%	10.4%	1,764,706	10.6%	6.6%
New Enterprise Associates (NEA)	4,110,367	13.4%	10.0%	N/A	N/A	N/A	N/A	N/A	N/A
Novo A/S	2,468,264	8.0%	6.0%	1,951,970	8.8%	6.1%	1,176,470	7.1%	4.4%
Sofinnova	2,211,250	7.2%	5.4%	1,569,858	7.0%	4.9%	N/A	N/A	N/A
Subtotal	**15,650,406**	**51.0%**	**38.2%**	**6,856,392**	**30.8%**	**21.4%**	**2,941,176**	**17.8%**	**11%**
Institutional and private individual investors									
Subtotal Institutional[3] and private individual investors[4]	20,586,027	67.1%	51.3%	11,880,300	53.3%	37.1%	6,055,676	36.4%	22.7%
Employees and treasury shares									
Employees	430,620	1.4%	1.9%	589,758	2.6%	1.8%	532,607	3.2%	2.0%
Treasury shares	83,787	0.3%	-	52,119	0.2%	0.2%	13,994	0.1%	0.1%
Total	**30,687,750**	**100.0%**	**100.0%**	**22,946,77**	**100%**	**100%**	**16,624,777**	**100%**	**100%**

(1) Based on threshold crossing declarations published at April 8, 2019.

(2) Of which (i) 475,993 shares owned jointly with his wife, Roberta Becherucci, married name Cren, and (ii) 5,136,231 shares owned solely by Frédéric Cren.

(3) At March 31, 2018, institutional investors included BVF Partners and Novo A/S. At April 8, 2019, institutional investors included BVF Partners, Novo A/S and Sofinnova for a total of 6,856,392 shares. At December 31, 2019 and at the date of publication of this Annual Financial Report, institutional investors included BVF Partners, New Entreprises Associates (NEA), Novo A/S and Sofinnova for a total of 15,650,406 shares.

(4) Including ISLS consulting and the float holding, at December 31, 2019 and at the date of publication of this Annual Financial Report, 111,000 and 4,839,846 shares respectively.

1.2 Principal shareholders

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, the table below lists all Company shareholders owning more than 5% of its share capital and/or voting rights, based on the information available as of March 31, 2020:

	Position at March 31, 2020 on a non-diluted basis				Position at March 31, 2020 of dilutive instruments			Position at March 31, 2020 on a fully diluted basis			
Shareholders	**Number of shares (non-diluted basis)**	**% of share capital (non-diluted basis)**	**Number of voting rights (non-diluted basis)**	**% of voting rights (non-diluted basis)**	**Number of shares that can result from the exercise of BSPCEs**	**Number of shares that can result from the exercise of BSAs**	**Number of shares that can result from the vesting of AGAs**	**Number of shares (fully diluted basis)**	**% of share capital (fully diluted basis)**	**Number of voting rights (fully diluted basis)**	**% of voting rights (fully diluted basis)**
Frédéric Cren[(1) (4)]	5,704,816	18.6%	11,409,632	27.9%	-	-	-	5,704,816	18.1%	11,409,632	27.3%
Pierre Broqua[(1)]	3,882,500	12.7%	7,765,000	19.0%	-	-	-	3,882,500	12.3%	7,765,000	18.6%
Sub-total - Concert	**9,587,316**	**31.2%**	**19,174,632**	**46.8%**	**-**	**-**	**-**	**9,587,316**	**30.5%**	**19,174,632**	**46.0%**
BVF Partners L.P. [(5)]	6,860,525	22.4%	6,860,525	16.7%	-	-	-	6,860,525	21.8%	6,860,525	16.4%
New Enterprise Associates (NEA)	4,110,367	13.4%	4,110,367	10.0%				4,110,367	13.1%	4,110,367	9.9%
Novo A/S	2,468,264	8.0%	2,468,264	6.0%	-	-	-	2,468,264	7.8%	2,468,264	5.9%
Sofinnova	2,211,250	7.2%	2,211,250	5.4%	-	-	-	2,211,250	7.0%	2,211,250	5.3%
ISLS Consulting[(2)]	111,000	0.4%	222,000	0.5%	-	80,000	-	191,000	0.6%	302,000	0.7%
David Nikodem	-	-	-	-	-	36,000	-	36,000	0.1%	36,000	0.1%
Directors (non-executive)[(3)]	-	-	-	-	-	140,000	-	140,000	0.4%	140,000	0.3%
Employees	430,620	1.4%	760,940	1.9%	8,800	10,000	484,350	933,770	3.0%	1,264,090	3.0%
Treasury shares (liquidity agreement)	83,787	0.3%	-	-	-	-	-	83,787	0.3%	-	-
Free float	4,824,621	15.7%	150,724	12.6%	-	-	-	4,824,621	15.3%	5,150,724	12.3%
Total	**30,687,750**	**100.0%**	**40,958,702**	**100.0%**	**8,800**	**266,000**	**484,350**	**31,446,9005**	**100.0%**	**41,717,852**	**100.0%**

(1) Shareholders acting in concert pursuant to the terms of a shareholders' agreement entered into following the Company's initial public offering on Euronext Paris.
(2) Of which 75,000 BSA 2017 share warrants allotted to Jean-Louis Junien. The shares held indirectly by Jean-Louis Junien through his holding in ISLS Consulting are included in the number of shares held by ISLS Consulting.
(3) Amount less than 0.1%.
(4) Of which (i) 475,993 shares owned jointly with his wife, Roberta Becherucci, married name Cren, and (ii) 5,136,231 shares owned solely by Frédéric Cren.
(5) Based on the threshold crossing disclosure filed with the French Financial Markets Authority (Autorité des marchés financiers – AMF) by BVF Partners L.P.

To the best of the Company's knowledge, no other shareholder owns more than 5% of the share capital.

Major shareholders not represented within the Board of Directors

At the date of this Annual Financial Report, BVF Partners L.P. and New Enterprise Associates (NEA) are major shareholders not represented on the Board of Directors.

In addition, BVF Partners L.P. held call options on 1,250,000 shares owned by Frédéric Cren and Pierre Broqua, which expired on February 16, 2020 without having been exercised.

Shareholder holding commitments

At the date of this Annual Financial Report, there is no shareholder holding commitment.

1.3 Voting rights of major shareholders

The Company's bylaws provide for double voting rights to be lawfully granted for all fully paid-up shares where it can be established that the shares have been registered for at least two years to the same shareholder, or to a person whose rights are transferred to that shareholder as a result of succession, the division of community property between spouses or an *inter vivos* gift between a shareholder and his or her spouse or a relative entitled to inherit, or following a transfer resulting from a merger or demerger of a shareholder company.

In the event of a capital increase through the incorporation of reserves, profits or issue or merger premiums, double voting rights are granted on free registered shares in respect of existing shares with the same rights and as of their issue.

The double voting right will be automatically withdrawn from any share that has been converted into bearer form or whose ownership has been transferred unless such transfer is the result of succession, the division of community property between spouses or an *inter vivos* gift between a shareholder and his or her spouse or to a relative entitled to inherit or following a transfer resulting from a merger or demerger of a shareholder company.

1.4 Notice of persons with significant control

At the date of this Annual Financial Report, the Company is controlled, within the meaning of Article L. 233-3 of the French Commercial Code, by Frédéric Cren, Chairman and Chief Executive Officer of the Company, Pierre Broqua, Deputy Chief Executive Officer of the Company, and Roberta Becherucci, married name Cren, who together hold 9,587,316 shares, representing 31.2% of the Company's capital and 47.2% of its voting rights. They have entered into a shareholders' agreement to set out the terms of their partnership within the Company.

The measures implemented to ensure that this control is not exercised in an abusive manner are as follows:

- The Company complies with the recommendations of the Middlenext Code, in particular as regards independent directors;
- The Company has an Audit Committee and a Compensation and Appointments Committee; and
- The internal regulations of the Board of Directors provide that the Board of Directors must approve certain significant transactions prior to their implementation by the Company's Senior Leadership.

Shareholders' Agreement

As part of the admission to trading of the Company's shares on the regulated market of Euronext Paris, Frédéric Cren and Pierre Broqua, the Company's founders and principal shareholders (the Founders), entered into a shareholders' agreement to set the conditions of their partnership within the Company (the Post-IPO Agreement). The shareholders' agreement took effect on the February 15, 2017 for a period of five years renewable by tacit agreement for successive five-year periods.

The main provisions of the Post-IPO Agreement are as follows:

1. *Concert*: The Founders represent to be acting in concert with each other and with respect to the Company within the meaning of Article L. 233-10 of the French Commercial Code (the Concert).

   The Concert will be automatically terminated if, together, the parties hold less than 50% of the Company's share capital and theoretical voting rights.

2. *Board representation*: The Post-IPO Agreement provides that while each Founder holds at least 7% of the Company's share capital and voting rights, they are entitled to representation on the Company's Board of Directors.
3. *Consultation between the Founders*: While the Founders are acting in Concert, they will consult each other (i) before all meetings of the Board of Directors or General Meetings in order to reach a common position vis-à-vis the Company on certain matters which they consider to be strategic and (ii) before some sales of the Company's securities. In the absence of consultation or common position, each Founder will be able to terminate the Concert.
4. *Sale of securities*: Should a party elect to sell their Company securities, the other parties are entitled to prior information on the proposed sale and to proportional tag-along rights, except in certain cases of freely transferable securities in favor of a spouse, descendant and/or a trust company owned, as applicable, by a Founder. If the Company's securities are sold by a party to one or more identified third-parties, proportional tag-along rights allow other parties to sell a number of securities that is proportional to the number of securities being sold by the original party, taking into consideration each parties' respective shares in the Company, to the third-parties, and under the same terms and conditions, in particular the price, and within the limit of the number of securities concerned by the proposed sale.
5. *Entry into force - Term*: The Post-IPO Agreement took effect on February 15, 2017 for a period of five years renewable by tacit agreement for successive five-year periods.

An amendment to the agreement was entered into on October 4, 2019 with Roberta Becherucci, wife of Frédéric Cren, in view of her becoming a joint owner alongside her husband of 475,993 Inventiva shares which were previously owned solely by Frédéric Cren.

The amendment covers the adherence by Roberta Becherucci to all the provisions of the agreement, including those relating to the concert party that she has joined, and adapts said provisions to give full effect to said adherence. Under the terms of the amendment, Roberta Becherucci now acts in concert within the meaning of Article L. 233-10 of the French Commercial Code alongside Frédéric Cren and Pierre Broqua. The remaining provisions of the shareholders' agreement remain unchanged, it being understood that the term "Founder" henceforth includes Roberta Becherucci for the purposes of the provisions governing the sale of securities.

A second amendment to the shareholders' agreement between Frédéric Cren, Pierre Broqua and Roberta Becherucci, married name Cren, was signed on January 28, 2020, which removes the automatic termination of the concert if, together, the parties hold less than 50% of the Company's share capital and theoretical voting rights.

On the date of this Annual Financial Report, and to the best of the Company's knowledge, there are no arrangements that could result in a change of control of the Company.

Registration rights agreement

As part of the issue of new shares on September 20, 2019 and October 2, 2019, the Company entered into a registration rights agreement with each investor whereby, if the Company submits its securities for trading on a U.S. market in accordance with the Securities Act, the investors will, where circumstances allow, be able to include their ordinary shares or American depositary shares (ADS) representing ordinary Company shares as shares admitted for trading.

1.5 Dividend policy

The Company has not paid any dividends since its creation.

The Annual General Meeting of May 27, 2019 elected to transfer the Company's net accounting income for the year ended December 31, 2018 to retained earnings.

There are no plans to introduce a short-term dividend policy given the Company's stage of development.

1.6 Acquisition by the Company of its own shares

In accordance with the provisions of Article 241-2 of the AMF's General Regulation, this section describes the purpose and the terms and conditions of the Company's share buyback program.

Report on the previous share buyback program

Under the seventeenth resolution passed by the Annual General Meeting of May 27, 2019, the Board of Directors was authorized, with the right to subdelegate, to purchase Company shares on one or more occasions and at such times as it shall determine, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, Articles 241-1 to 241-5 of the AMF's General Regulation, and the European regulation on market abuse and market practices accepted by the AMF.

This authorization was given for a period of 18 months as of the Annual General Meeting held on May 27, 2019, and cancels and supersedes the delegation given by the Annual General Meeting of May 28, 2018 in its 15th resolution.

Purpose of the share buyback program

The share buyback program may be used for the following purposes, in accordance with the 17th resolution passed by the Annual General Meeting:

- To implement and meet obligations related to stock option plans or other share award plans for employees and officers of the Company and, in particular, to award shares to employees and officers of the Company in respect of (i) the Company's compulsory profit-sharing agreement, or (ii) any stock option or bonus share award plan under the conditions provided for by law and, in particular, Articles L. 3331-1 *et seq.* of the French Labor Code (including any share sales governed by Article L. 3332-24 of said code), as well as to enter into any transactions to hedge such plans.
- To buy or sell shares under a liquidity agreement with an investment firm, in accordance with the terms and conditions provided for by the French market authorities.
- To allot shares upon the exercise of rights attached to securities giving rights to the share capital by way of redemption, conversion, exchange, presentation of a warrant or otherwise.
- To reduce the share capital of the Company by canceling all or some of the shares purchased.
- More generally, to carry out any transaction that might in the future be authorized by the law, or any market practice that might be accepted by the market authorities, it being specified that were this is the case, the Company shall inform its shareholders by means of a media release.

Maximum number of shares: 10% of the total number of shares comprising the share capital at any given time. Where the shares have been purchased with a view to fostering regular and liquid trading in the shares, the number of shares to be taken into account in calculating 10% of the share capital is the number of shares purchased less the number of shares sold during the authorization period.

These percentages apply to the number of shares adjusted, where applicable, for any transactions in the share capital after the Annual General Meeting.

The Company may under no circumstances purchase a number of shares that would cause it to hold more than 10% of the share capital at any given time.

Maximum amount of the program set by the Board of Directors: €5 million

Maximum price per share: €17

Shares purchased and sold under the share buyback program during 2019 were as follows:

Number of shares purchased	267,742
Average purchase price	€3.12
Number of shares sold	253,022
Average sale price	€3.50
Total amount of trading fees	-
Number of shares used in 2018	-
Number of shares registered in the Company's name and percentage of the share capital	66,839 (25% of the share capital)
Value of the shares at the average purchase price	€192,547.67
Total par value	€2.88

Shares purchases were made under the liquidity agreement entered into with Kepler Cheuvreux on January 19, 2018. The liquidity agreement was amended on February 6, 2019 in order to take into account the opinion of the European Securities and Markets Authority (ESMA) dated April 11, 2018. ESMA determined the accepted market practice notified by the AMF to be compatible with the European regulation on market abuse (see AMF Decision no. 2018-01 of July 2, 2018).

For the purposes of the agreement with Kepler Cheuvreux, the Company credited the liquidity account with initial sum of €400,000, increased by €180,000 during 2019. At December 31, 2019, €260,75 and 66,839 shares had been credited to the liquidity account.

This liquidity agreement was drawn up in accordance with the requirements of European and French legal provisions governing liquidity agreements, in particular the AMF's General Regulation and the Ethics Charter issued by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI) on March 8, 2011 and approved by the AMF on March 21, 2011.

No shares were reallocated during 2019.

1.7 Trading in Company shares by directors and company officers

The table below shows transactions in the Company's shares disclosed to the AMF by persons discharging managerial responsibilities and persons closely associated with them during 2019.

Date of transaction	Person	Function	Instrument	Type of transaction	Number of shares	Price (in euros)
01/14/2019	Nicolas Gueugnon	Head of Legal Department	Shares	Subscription	6,100	0.67
02/11/2019	Nicolas Gueugnon	Head of Legal Department	Shares	Bonus shares	10,000	N/A

No additional transactions was disclosed in 2020 up to the date of this Annual Financial Report.

1.8 Share price

From the date of the Company's IPO on Euronext Paris on February 14, 2017 to March 31, 2020, 18,176,160 shares have been changed.

The shares were first listed at a price of €8.50 and closed at €3.60 on March 31, 2020.

In 2019, the shares traded at a low of €1.54 on August 16, 2019 and a high of €8.80 on February 18, 2019.

Market capitalization at December 31, 2019 was €98,525,231.04.

A total of 3,072,775 shares were traded during the period from December 31, 2019 to March 31, 2020.

Market capitalization at March 31, 2020 was approximately €110,475,900.

2 Securities giving access to capital

2.1 Share warrants (BSAs)

► **BSA 2017**

On May 29, 2017, the Company's Annual General Meeting delegated powers to the Board of Directors of the Company, for a period of 18 months, to issue BSAs to specific categories of beneficiaries including the directors of the Company.

On the same day, the Board of Directors elected to issue and reserve subscription on a total of 195,000 BSAs for five directors (BSA 2017), namely, (i) 30,000 to CELL+, (ii) 30,000 to Pienter-Jan BVBA, (iii) 30,000 to Chris Newton, (iv) 30,000 to Karen Aiach and (v) 75,000 to Jean-Louis Junien.

All BSA 2017 share warrants were subscribed by the five beneficiaries in December 2017 in exchange for payment of a subscription price of €0.534 per warrant corresponding to 8% of the market value of an ordinary share on the date of allotment of BSA 2017 share warrants. The exercise price of BSA 2017 share warrants was set at €6.675 per warrant by the Board of Directors based on the market value of an ordinary share on the date of allotment of BSA 2017 share warrants, the market value being based on the weighted average price over the last 20 trading days before the date on which BSA 2017 share warrants were allotted by the Board of Directors.

The exercise of BSA 2017 share warrants is subject to the full payment of their exercise price. New shares issued upon exercise of BSA 2017 share warrants will be identical in all respects to the existing shares and subject to the provisions of the bylaws that apply to existing shares of the same class.

The warrants will accrue dividend rights from the first day of the financial year in which they are subscribed.

BSA 2017 share warrants will vest and will be exercisable in tranches of one third at the end of the following vesting periods: (i) one third as of May 29, 2018, (ii) one third as of May 29, 2019 and (iii) the balance as of May 29, 2020.

Notwithstanding the above, should a public cash or exchange offer be made for the Company and accepted by the Board of Directors, all BSA 2017 share warrants will vest immediately.

BSA 2017 share warrants that have vested may be exercised on one or more occasions up to and no later than May 29, 2027.

Directors who own warrants must comply with the provisions of the internal regulations[2] of the Board of Directors and, in particular, Article 3.6 (Share ownership), Article 3.7 (Ethical rules applying to market transactions) and Article 3.8 (Disclosure of trading in Company shares), for as long as they remain in office. They must instruct the Company's custodian (Société Générale as of the date of this Annual Financial Report) to book their shares to a pure registered account held with the custodian.

Following Karen Aiach's resignation in November 2018, 20,000 BSA 2017 share warrants lapsed.

By decision of the Board of Directors on April 9, 2019, the final allotment of the second tier of BSA 2017 warrants, initially set for May 29, 2019, has been brought forward to May 27, 2019 to enable Chris Newton and Jean-Louis Junien to benefit as a result of their presence on the Board for virtually all of the year. Furthermore, for these two members of the Board of Directors, there will be no final allotment of the last tier as the 35,000 BSA 2017 warrants have lapsed.

[2] The internal regulations of the Board of Directors are available on Inventiva's website (www.inventivapharma.com).

► **BSA 2018**

On May 28, 2018, the Company's Extraordinary General Meeting delegated powers to the Board of Directors, for a period of 18 months, to issue BSAs to specific categories of beneficiaries including present or future consultants who regularly work in partnership with the Company (BSA 2018).

On December 14, 2018, the Board of Directors, using these delegated powers, elected to reserve the right to subscribe for BSA 2018 share warrants for three consultants that regularly work in partnership with the Company: (i) David Nikodem (36,000), (ii) JPG Healthcare LLC (10,000) and (iii) ISLS Consulting (80,000).

All BSA 2018 share warrants were subscribed by the three beneficiaries in January 2019 in exchange for payment of a subscription price of €0.48 per warrant corresponding to 8% of the market value of an ordinary share on the date of allotment of BSA 2018 share warrants. The exercise price of BSA 2018 share warrants was set at €6.067 per warrant by the Board of Directors based on the market value of an ordinary share on the date of allotment of BSA 2018 share warrants, the market value being based on the weighted average price over the last 20 trading days before the date on which BSA 2018 share warrants were allotted by the Board of Directors.

The exercise of BSA 2018 share warrants is subject to the full payment of their exercise price. New shares issued upon the exercise of BSA 2018 share warrants will be identical in all respects to existing shares and subject to the provisions of the bylaws that apply to existing shares of the same class.

The warrants will accrue dividend rights from the first day of the financial year in which they are subscribed.

BSA 2018 share warrants can only be exercised under the following conditions:

- For David Nikodem, in tranches of one third at the end of the following vesting periods: (i) one third as of September 1, 2019, (ii) one third as of September 1, 2020 and (iii) the balance as of September 1, 2021.
- For JPG Healthcare LLC, in full as of November 8, 2019.
- For ISLS Consulting, in tranches of one third at the end of the following vesting periods: (i) 26,667 as of December 14, 2019, (ii) 26,667 as of December 14, 2020 and (iii) 26,666 as of December 14, 2021.

It being specified that (a) in each case, BSA 2018 vesting periods will lapse if the service agreement between the Company and the beneficiary or the company for which the beneficiary acts, is terminated before the date of the first vesting period or in the event of the death of the beneficiaries; and (b) for the BSA 2018 awarded to David Nikodem, (x) if the agreement is terminated as of September 1, 2019 by the Company and without breach of the terms by Sapidus, the vesting of outstanding BSA 2018 share warrants will be capped at 1,000 BSA 2018 for each full month in which the aforementioned agreement has been executed since the previous vesting date, and (y) if the agreement is terminated as of September 1, 2019 by Sapidus, no monthly vesting shall occur between September 1, 2019 and the termination date.

Notwithstanding the above, should a public cash or exchange offer be made for the Company and accepted by the Board of Directors, all BSA 2018 share warrants will vest immediately.

BSA 2018 share warrants that have vested may be exercised on one or more occasions up to and no later than December 14, 2028. As JPG Healthcare LLC did not exercise in December 2019, 10,000 BSA 2018 have lapsed.

► **BSA 2019**

On May 27, 2019, the Company's Extraordinary General Meeting delegated powers to the Board of Directors, for a period of 18 months, to issue BSAs to specific categories of beneficiaries including present or future consultants who regularly work in partnership with the Company ("BSA 2019").

On June 28, 2019, the Board of Directors, using these delegated powers, elected to reserve the right for David Nikodem, a consultant who regularly works in partnership with the Company, to subscribe to 10,000 BSA 2019 share warrants.

The BSA 2019 share warrants were subscribed by David Nikodem in exchange for payment of a subscription price of €0.18 per warrant. The exercise price of BSA 2019 share warrants was set at €2.20 per warrant by the Board of Directors based on the market value of an ordinary share on the date of allotment of the BSA 2019 share warrants, the market value being based on the weighted average price over the last 20 trading days before the date on which the BSA 2019 share warrants were allotted by the Board of Directors.

The fair value of the BSA 2019 share warrants was estimated using the Black-Scholes model based on the following assumptions: value of the underlying asset at June 28, 2019; volatility observed in a sample of comparable listed companies; and a 5.5 years economic life (middle of exercise period). The fair value of the BSA 2019 share warrants at the issue date was estimated at €0.48 each.

The exercise of the BSA 2019 share warrants is subject to the full payment of their exercise price. The new shares issued upon exercise of BSA 2019 share warrants will be identical in all respects to the existing shares and subject to the provisions of the Articles of Association applicable to existing shares of the same class.

The warrants will accrue dividend rights from the first day of the financial year in which they are subscribed.

The plan provides for an exercise period beginning on the date of the first anniversary of the warrants' issue, i.e., June 28, 2020, and expiring on the date of the tenth anniversary of their issue, i.e., June 28, 2029.

The BSA 2019 warrants are only exercisable subject to a consultancy agreement still being in effect at June 28, 2020, and no notice of termination having been given by David Nikodem and/or Sapidus Consulting Group LLC or the Company.

Notwithstanding the above, should a public cash or exchange offer be made for the Company and accepted by the Board of Directors before June 28, 2020, all BSA 2019 share warrants will vest immediately.

- **BSA 2019 bis**

On May 27, 2019, the Company's Extraordinary General Meeting delegated powers to the Board of Directors, for a period of 18 months, to issue BSAs to specific categories of beneficiaries including present or future consultants who regularly work in partnership with the Company.

On March 9, 2020, the Board of Directors, using these delegated powers, elected to reserve the right for Jérémy Goldberg, partner of JPG Healthcare LLC, to subscribe to 10,000 BSA share warrants ("BSA 2019 bis").

The BSA 2019 bis share warrants can be subscribed by Jérémy Goldberg from March 9, 2020 to July 13, 2020 (included), in exchange for payment of a subscription price of €0.29 per warrant. The exercise price of BSA 2019 bis share warrants was set at €3.68 per warrant by the Board of Directors based on the market value of an ordinary share on the date of allotment of BSA 2019 bis share warrants, the market value being based on the weighted average price over the last 20 trading days before the date on which BSA 2019 bis share warrants were allotted by the Board of Directors.

The fair value of the BSA 2019 bis warrants is being estimated as of the date of this annual financial report.

The exercise of the BSA 2019 bis share warrants is subject to the full payment of their exercise price. The new shares issued upon exercise of BSA 2019 bis share warrants will be identical in all respects to the existing shares and subject to the provisions of the Articles of Association applicable to existing shares of the same class.

The warrants will accrue dividend rights from the first day of the financial year in which they are subscribed.

The plan provides for an exercise period beginning on the date of the first anniversary of the warrants' issue, i.e., March 9, 2021, and expiring on March 9, 2030.

The BSA 2019 bis warrants will only be exercisable if a consultancy service agreement is still being in effect at March 9, 2021, and no notice of termination having been given by Jérémy Goldberg and/or JPG Healthcare LLC or the Company.

Notwithstanding the above, should a public cash or exchange offer be made for the Company and accepted by the Board of Directors before March 9, 2021, all BSA 2019 bis share warrants will vest immediately.

- **BSA 2019 ter**

On May 27, 2019, the Company's Extraordinary General Meeting delegated powers to the Board of Directors, for a period of 18 months, to issue BSAs to specific categories of beneficiaries including present or future consultants who regularly work in partnership with the Company.

On March 9, 2020, the Board of Directors, using these delegated powers, elected to reserve the right for David Nikodem, partner of Sapidus Consulting Group LLC, to subscribe to 36,000 share warrants ("BSA 2019 ter").

The BSA 2019 ter share warrants can be subscribed by the beneficiary from March 9,2020 to July 13, 2020 (included) in exchange for payment of a subscription price of €0.29 per warrant. The exercise price of BSA 2019 ter share warrants was set at €3.68 per warrant by the Board of Directors based on the market value of an ordinary share on the date of allotment of BSA 2019 ter share warrants, the market value being based on the weighted average price over the last 20 trading days before the date on which BSA 2019 ter share warrants were allotted by the Board of Directors.

The fair value of the 2019 ter share warrants is being estimated as of the date of this annual financial report.

The exercise of the BSA 2019 ter share warrants is subject to the full payment of their exercise price. The new shares issued upon exercise of BSA 2019 ter share warrants will be identical in all respects to the existing shares and subject to the provisions of the Articles of Association applicable to existing shares of the same class.

The warrants will accrue dividend rights from the first day of the financial year in which they are subscribed.

The plan provides for an exercise period beginning on the date of the first anniversary of the warrants' issue, i.e., March 9, 2020, and expiring on March 9, 2030.

The 2019 BSA ter share warrants will only be exercisable if a consultancy service agreement is still being in effect at March 9, 2021and no notice of termination having been given by David Nikodem and/or Sapidus Consulting Group LLC or the Company.

It is specified that a contractual commitment will be made at the subscription of the BSA 2019 ter by David Nikodem, relating to (i) the temporary unavailability of the BSA 2019 ter until March 9, 2023 and (ii) the exercise in tranche of his BSA 2019 ter. As of March 9, 2021, David Nikodem will therefore be able to exercise his BSA 2019 ter up to:

- one third of the BSA 2019 ter until March 9,2022,
- two-thirds of the BSA 2019 ter from March 9, 2022 to March 9, 2023 and
- without limitation from March 9, 2023

Notwithstanding the above, should a public cash or exchange offer be made for the Company and accepted by the Board of Directors before March 9, 2023, all BSA 2019 ter share warrants will vest immediately.

2.2 Company founder share warrants (BSPCEs)

On November 25, 2013, the Company's Extraordinary General Meeting delegated powers to the Chairman of the Company, for a period of 18 months, to allot free BSPCEs to executive officers paid by the Company and subject to income tax, and to the Company's employees (BCE 2013-1). Thus, on December 13, 2013 and May 25, 2015, the Chairman of the Company, exercising these delegated powers, decided to award 9,027 and 2,196 BCE 2013-1 share warrants respectively to the beneficiaries, all of whom are Company employees.

Following the stock split decided by the Annual General Meeting of May 31, 2016, each BCE 2013-1 share warrant issued on December 13, 2013 carries the right to subscribe for 100 new ordinary shares with a par value of €0.01, for a price of €58.50, and each BCE 2013-1 share warrant issued on May 25, 2015 carries the right to subscribe for 100 new ordinary shares with a par value of €0.01, for a price of €67.

Employees of the Company exercised:

- In the period from March 20 to March 27, 2017: 5,579 BCE 2013-1 share warrants resulting in the issuance of 557,900 new shares.
- In the period from January 5 to January 20, 2018: 1,803 BCE 2013-1 share warrants resulting in the issuance of 180,300 new shares.
- In the period from January 5 to January 20, 2019: 274 BCE 2013-1 share warrants resulting in the issuance of 27,400 new shares.

A number of employees have since left the Company and 1,154 BCE 2013-1 share warrants have therefore lapsed.

Furthermore, the vesting of one tranche of the BCE 2013-1 share warrants was contingent on the Company achieving revenue of €18 million in 2017. As this performance condition was not met, 2,455 BCE 2013-1 share warrants were canceled in 2017. The other tranches are not subject to performance conditions.

On March 5, 2020, a total of 88 BSPCEs remained allotted and outstanding. If they were fully exercised on the date of this Annual Financial Report, 8,800 new ordinary shares with a nominal value of €0.01 would be issued.

2.3 Bonus shares (AGA)

The terms and conditions of the bonus share awards decided by the Board of Directors at its meetings of April 18, 2017, January 26, 2018, December 14, 2018 and June 28, 2019, are set out below. None of the beneficiaries hold more than 10% of the capital and no award may be made if it would result in a beneficiary holding more than 10% of the capital and no corporate officer has received these awards.

► **AGA 2017-1**

At its meeting of April 18, 2017, the Board of Directors approved the award of 92,300 bonus shares (AGA 2017-1) to nine employees, excluding corporate officers, who had never received BSPCEs.

The allocation of AGA 2017-1 bonus shares will not be definitive until the end of a two-year Vesting Period, i.e., as of April 18, 2019, unless the Board of Directors decides otherwise in the event of a public offer that would result in a change of control of the Company. Notwithstanding the above, in the event of the death of a beneficiary, their legal heirs have a period of six months in which to request the awarding of shares. In the event of the retirement or invalidity of a beneficiary, under any circumstances other than those referred to in Article L. 225-197-1-I paragraph 5 of the French Commercial Code, beneficiaries may request the awarding of shares during the six months following the incident.

In the event that beneficiaries are dismissed on personal grounds or resign during the Vesting Period, they shall lose their rights to bonus shares. In the event that beneficiaries are made redundant on economic grounds, they shall lose their rights to bonus shares, unless the Board of Directors decides otherwise.

The bonus shares awarded cannot be sold before April 18, 2020, except by the legal heirs upon the beneficiary's death or unless the Board of Directors decides to waive the lock-in period as a result of a public offer that would result in a change of control of the Company.

The bonus shares shall be issued by way of a capital increase in an amount of €923, deducted from the unavailable reserve created for this purpose.

The issue price of ordinary bonus shares shall be €0.01 each.

All of the bonus shares awarded shall be ordinary shares.

The termination of the Vesting Period for AGA 2017-1 bonus shares on April 18, 2019 resulted in the issue of 77,500 shares (10,000 AGA 2017-1 were unassigned and 4,800 shares have lapsed following the departures of employees).

► **AGA 2018-1**

At its meeting of January 26, 2018, the Board of Directors approved the award of 10,000 bonus shares (AGA 2018-1) to one employee, excluding corporate officers.

The allocation of AGA 2018-1 bonus shares will not be definitive until the end of a one-year Vesting Period, i.e., as of January 26, 2019, unless the Board of Directors decides otherwise in the event of a public offer that would result in a change of control of the Company. Notwithstanding the above, in the event of the death of a beneficiary, their legal heirs have a period of six months in which to request the awarding of shares. In the event of the retirement or invalidity of a beneficiary, under any circumstances other than those referred to in Article L. 225-197-1-I paragraph 5 of the French Commercial Code, beneficiaries may request the awarding of shares during the six months following the incident.

In the event that beneficiaries are dismissed on personal grounds or resign during the Vesting Period, they shall lose their rights to bonus shares. In the event that beneficiaries are made redundant on economic grounds, they shall lose their rights to bonus shares, unless the Board of Directors decides otherwise.

The bonus shares awarded cannot be sold before January 26, 2020, except by the legal heirs upon the beneficiary's death or unless the Board of Directors decides to waive the lock-in period as a result of a public offer that would result in a change of control of the Company.

The bonus shares shall be issued by way of a capital increase in an amount of €100, deducted from the unavailable reserve created for this purpose.

The issue price of ordinary bonus shares shall be €0.01 each.

All of the bonus shares awarded shall be ordinary shares.

The termination of the Vesting Period for AGA 2018-1 bonus shares on January 26, 2019 resulted in the issue of 10,000 shares.

► **AGA 2018-2**

At its meeting of January 26, 2018, the Board of Directors approved the award of 65,700 bonus shares (AGA 2018-2) to six employees, excluding corporate officers.

The allocation of AGA 2018-2 bonus shares will not be definitive until the end of a two-year Vesting Period, i.e., as of January 26, 2020, unless the Board of Directors decides otherwise in the event of a public offer that would result in a change of control of the Company. Notwithstanding the above, in the event of the death of a beneficiary, their legal heirs have a period of six months in which to request the awarding of shares. In the event of the retirement or invalidity of a beneficiary, under any circumstances other than those referred to in Article L. 225-197-1-I paragraph 5 of the French Commercial Code, beneficiaries may request the awarding of shares during the six months following the incident.

In the event that beneficiaries are dismissed on personal grounds or resign during the Vesting Period, they shall lose their rights to bonus shares. In the event that beneficiaries are made redundant on economic grounds, they shall lose their rights to bonus shares, unless the Board of Directors decides otherwise.

The bonus shares awarded cannot be sold before January 26, 2021, except by the legal heirs upon the beneficiary's death or unless the Board of Directors decides to waive the lock-in period as a result of a public offer that would result in a change of control of the Company.

The bonus shares shall be issued by way of a capital increase in an amount of €657, deducted from the unavailable reserve created for this purpose.

The issue price of ordinary bonus shares shall be €0.01 each.

All of the bonus shares awarded shall be ordinary shares.

The termination of the Vesting Period for AGA 2018-2 bonus shares on January 26, 2020 resulted in the issue of 63,300 shares (2,400 shares have lapsed following employees departures).

► **AGA 2018-3**

At its meeting of December 14, 2018, the Board of Directors approved the award of 265,700 bonus shares (AGA 2018-3) to eighty-eight (88) employees, excluding corporate officers.

The allocation of AGA 2018-3 bonus shares will not be definitive until the end of a two-year Vesting Period, i.e., as of December 14, 2020, unless the Board of Directors decides otherwise in the event a public offer that would result in a change of control of the Company. Notwithstanding the above, in the event of the death of a beneficiary, their legal heirs have a period of six months in which to request the awarding of shares.

In the event that beneficiaries are dismissed on personal grounds or resign during the Vesting Period, they shall lose their rights to bonus shares. In the event that beneficiaries are made redundant on economic grounds, they shall lose their rights to bonus shares, unless the Board of Directors decides otherwise.

The bonus shares awarded cannot be sold before December 14, 2021, except by the legal heirs upon the beneficiary's death or unless the Board of Directors decides to waive the lock-in period as a result of a public offer that would result in a change of control of the Company.

The bonus shares shall be issued by way of a capital increase in an amount of €2,657, deducted from the unavailable reserve created for this purpose.

The issue price of ordinary bonus shares shall be €0.01 each.

All of the bonus shares awarded shall be ordinary shares.

As a number of employees have left the Company since the issue, some of them as part of the redundancy plan implemented in 2019, 38,450 AGA 2018-3 shares have lapsed and can no longer be exercised.

► **AGA 2019-1**

At its meeting of June 28, 2019, the Board of Directors approved the award of 37,500 bonus shares (AGA 2019-1) to six (6) employees.

The AGA 2019-1 bonus shares will not vest until the end of a two-year vesting period, i.e., as of June 28, 2021 (the "AGA 2019-1 Vesting Period"), unless the Board of Directors decides otherwise.

Notwithstanding the above, during the AGA 2019-1 Vesting Period: in the event of the death of a beneficiary, their legal heirs have a period of six months in which to request the awarding of shares. In the event of the invalidity (corresponding to classification in the second or third categories provided for by Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*)) of a beneficiary, the shares will vest before the end of the AGA 2019-1 Vesting Period under the conditions provided for by Article L. 225-197-1 I §6 of the French Commercial Code and will be immediately transferable.

The bonus shares allotted cannot be sold before June 28, 2022, except by the legal heirs upon the beneficiaries' death or if the Board of Directors decides otherwise.

The bonus shares shall be issued by way of a capital increase in an amount of €375, deducted from the unavailable reserve of €375 created for this purpose.

The issue price of ordinary bonus shares shall be €0.01 each.

All of the bonus shares awarded shall be ordinary shares.

Since their issue, some employees have left the Company and 8,400 AGA 2019-1 shares have lapsed and can no longer be exercised.

► **AGA 2019-2**

246,000 bonus shares (AGA 2019-2) awarded to eighty-one (81) employees.

The AGA 2019-2 bonus shares will not vest until the end of a one-year vesting period, i.e., as of June 28, 2020 (the "AGA 2019-2 Vesting Period"), unless the Board of Directors decides otherwise. Notwithstanding the above, during the AGA 2019-2 Vesting Period: in the event of the death of a beneficiary, their legal heirs have a period of six months in which to request the awarding of shares. In the event of the invalidity (corresponding to classification in the second or third categories provided for by Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*)) of a beneficiary, the shares will vest before the end of the AGA 2019-2 Vesting Period under the conditions provided for by Article L. 225-197-1 I §6 of the French Commercial Code and will be immediately transferable.

The bonus shares awarded cannot be sold before June 28, 2020, except by the legal heirs upon the beneficiary's death or unless the Board of Directors decides to waive the lock-in period as a result of a public offer that would result in a change of control of the Company.

The bonus shares shall be issued by way of a capital increase in an amount of €2,460, deducted from the unavailable reserve of €2,460 created for this purpose.

The issue price of ordinary bonus shares shall be €0.01 each.

All of the bonus shares awarded shall be ordinary shares.

Since their issue, some employees have left the Company and 18,000 AGA 2019-2 shares have lapsed and can no longer be exercised.

2.4 Summary of dilutive instruments held by executives, directors and employees

For details regarding the financial instruments carrying rights to the Company's share capital (BSA and BSPCE) awarded to directors and executives in 2019, see section B. "Corporate governance report", note 5.2 "*Compensation paid or awarded to executive corporate officers for 2019* of this Document and notably Table no. 4 *Share warrants (BSAs) or company founder share warrants (BSPCEs) awarded to each non-executive corporate officer by the Company during the year ended December 31, 2019* and Table no. 8 *History of allocations of BSAs and BSPCEs to executive and non-executive directors*.

For information about dilutive instruments, see also Note 10 *Shareholders' equity* of the financial statements prepared in accordance with IFRS for the year ended December 31, 2019, in section C. of this Annual Financial Report.

Type of securities	BCE 2013-1 (2013)	BCE 2013-1 (2015)	AGA 2017-1	AGA 2017-2	BSA 2017	AGA 2018-1	AGA 2018-2	AGA 2018-3	BSA 2018	AGA 2019-1	AGA 2019-2	BSA 2019	BSA 2019 bis	BSA 2019 ter	TOTAL[1]
Beneficiaries	Employees	Employees	Employees	Employees	Directors	Employees	Employees	Employees	Consultants	Employees	Employees	D. Nikodem	J. Goldberg	D. Nikodem	
Date of Annual General Meeting	Nov. 25, 2013	Nov. 25, 2013	Sept. 30, 2016	Sept. 30, 2016	May 29, 2017	Sept. 30, 2016	Sept. 30, 2016	May 28, 2018	May 28, 2018	May 28, 2018	May 28, 2018	May 27, 2019	May 27; 2019	May 27; 2019	
Allocation by decision of the Chairman and Board of Directors on May 31, 2016	Dec. 13, 2013	May 25, 2015	March 22 and April 18, 2017	March 22 and April 18, 2017	May 29, 2017	Jan. 26, 2018	Jan. 26, 2018	Dec. 14, 2018	Dec. 14, 2018	June 28, 2019	June 28, 2019	June 28, 2019	March 9, 2020	March 9, 2020	
Type of share to be subscribed	Ordinary share														
Total number of warrants or shares authorized	15,013[2]		162,300[3]		195,000	10,000	65,700	265,700	126,000	37,500	246,000	10,000	10,000	36,000	**2,665,500**
Total number awarded or subscribed	**9,027**	**2,196**	**82,300**	**60,000**	**195,000**	**10,000**	**65,700**	**265,700**	**126,000**	**37,500**	**246,000**	**10,000**	**10,000**	**36,000**	**2,266,500**
Warrant exercise price	€58.50[4]	€67[4]	N/A	N/A	€6.675	N/A	N/A	N/A	€6.067	N/A	N/A	€2.20	€0.29	€0.29	
Expiry of exercise period/bonus share award date	Dec. 31, 2023	Dec. 31, 2023	April 18, 2019	April 18, 2018	May 29, 2027	Jan. 26, 2019	Jan. 26, 2020	Dec. 14, 2020	Dec. 14, 2028	June 28, 2021	June 28, 2020	June 28, 2029	July 13, 2020	Juliy 13, 2020	
Parity (post division of the par value of the Company's shares)	1 x BCE 2013-1 for 100 shares	1 x BCE 2013-1 for 100 shares	1 x AGA 2017-1 for 1 share	1 x AGA 2017-2 for 1 share	1 x BSA 2017 for 1 share	1 x AGA 2018-1 for 1 share	1 x AGA 2018-2 for 1 share	1 x AGA 2018-3 for 1 share	1 x BSA 2018 for 1 share	1 x AGA 2019-1 for 1 share	1 x AGA 2019-2 for 1 share	1 x BSA 2019 for 1 share	1 x BSA 2019 bis for 1 share	1 x BSA 2019 ter for 1 share	
Number of "vested" warrants or shares on the date of this Annual Financial Report	88[5]	0[5]	77,500	60,000	120,000	10,000	63,300	0	38,667	0	0	0	0	0	**378,267**
General exercise conditions	Note[6]	Note[6]	See II.2.3	-	See II.2.1	See II.2.3	See II.2.3	See II.2.3	See II.2.1	See II.2.3	See II.2.3	See II.2.1	See II.2.1	See II.2.1	
Number of shares subscribed	621,000	144,600	77,500	60,000	0	10,000	63,300	0	0	0	0	0	0	0	**976,400**
Number of warrants or shares canceled or lapsed	2,729	750	4,800	0	55,000	0	2,400	38,450	10,000	8,400	18,000	0	0	0	**484,950**
Number of remaining warrants	**88**	**0**	**N/A**	**N/A**	**140,000**	**N/A**	**N/A**	**N/A**	**116,000**	**N/A**	**N/A**	**10,000**	**0[7]**	**0[7]**	**274,800**
Number of shares that can be subscribed	**8,800 (post division)**	**0 (post division)**	**0**	**0**	**140,000**	**0**	**0**	**227,250**	**116,000**	**29,100**	**228,000**	**10,000**	**0[7]**	**0[7]**	**759,150 (post division)**

(1) In number of shares that can result from the exercise of warrants or vesting of AGAs.

(2) Including 3,790 BCE 2013-1 not allotted.

(3) Including 10,000 AGA 2017-1 and 10,000 AGA 2017-2 approved by the Board on April 18, 2017 and not yet allotted.

(4) Amount of subscription for 100 new ordinary shares.

(5) Subject to cases of lapsing, the final allotment of BCE 2013-1 warrants is subject to the following vesting conditions:

- vesting calendar for warrants: (i) for BCE 2013-1 share warrants issued on December 13, 2013: vesting by tranches of 18.8% over four years and for the first time on December 31, 2014, and (ii) for BCE 2013-1 share warrants issued on May 25, 2015, vesting by tranches of (a) 37.6%, 18.8% and 18.8% over three years for beneficiaries in category 1 and (b) 18.7% over four years for beneficiaries in category 2 and, in both cases, for the first time on December 31, 2015;
- in addition to the calendar vesting described above, a conditional vesting for the balance of those BCE 2013-1 share warrants according to the turnover generated by the Company for the year ended December 31, 2017; and
- accelerated vesting of all BCE 2013-1 share warrants issued, at the discretion of the Company's Board of Directors, if it is informed that the Company's shareholders holding more than half of the Company's capital and voting rights have accepted an offer, from one or more shareholders or third parties, acting alone or jointly, for the whole of the securities issued by the Company.

(6) Providing they have not lapsed, vested BCE 2013-1 share warrants may be exercised at the initiative of each holder, once only, (i) if a memorandum of agreement is concluded by one or more shareholders resulting in the transfer of control of the Company within the meaning of Article L. 233-3-I of the French Commercial Code, following transfer of the Company's shares or merger by absorption of the Company, or (ii) if the Company's shares are listed for trading on a regulated or unregulated market in France or in the European Union, or on a foreign stock market, (a) within ten days of the end of a 30-calendar-day period beginning on the date on which the price of the Company's shares is set or (b) during a period commencing on January 5 and ending on January 20 (both dates inclusive) of each calendar year starting from or during the year in which the listing takes place. Notwithstanding the above, if the Company notifies holders of BCE 2013-1 share warrants that Company shareholders holding more than half of the capital and voting rights have accepted a purchase offer from one or more shareholders or third parties, acting alone or jointly, for all of the securities issued by the Company, each holder may, providing they have not lapsed, exercise all of their warrants.

(7) On March 9, 2020, the Company's Board of Directors granted 10,000 BSA 2019 bis and 36,000 BSA 2019 ter. The respective beneficiaries can subscribe until July 13, 2020. As of the date of this annual financial report, the CSA 2019 ter beneficiary, David Nikodem, confirmed to the Company his intention to subscribe to the BSA 2019 ter. In accordance with the terms of the subscription letter, the subscription will be effective upon receipt of the funds.

III. Social, societal and environmental information

1. Environmental information

1.1. General policy on environmental matters

Even though there is no formalized environmental policy in its sector, Inventiva's management and employees are globally aware of the environmental challenges linked to its activities, and endeavor to comply scrupulously with laws linked to the environment. The Company pays particular attention to the disposal of special and non-hazardous waste, which is the major environmental challenge inherent to its activity.

Operating on a site that has been dedicated to drug research since the early 1980s, with its roots in respected pharmaceutical laboratories that had implemented mechanisms to ensure compliance with HSE obligations (FournierPharma, Solvay and Abbott), the Company has the experience, mechanisms and procedures needed to ensure its compliance with environmental regulations, both in organizational terms and as regards obtaining the authorizations needed to carry out its research activities, notably authorizations for the conservation of human cells, genetically-modified organisms (GMOs) and the handling of radioactive substances. The approval by France's Nuclear Safety Authority (*Autorité de sûreté nucléaire* – ASN) of Inventiva's 2016 application renewal means the Company is licensed to operate until 2021.

The Company has committed to sustainable development by seeking to preserve natural resources and by taking action to reduce the residual impact of emissions, effluents and waste from its research and administrative activities in order to preserve the natural environment.

Employee training and information on environmental protection

All new employees are informed of the importance of HSE, of how the site operates in environmental terms, notably when it comes to waste sorting, energy consumption and HSE procedures.

Each employee is made aware of his or her role and personal responsibility in terms of environmental impact, whether through reducing energy consumption or sorting waste. Special waste (chemical, biological) is sorted at source in the Company's laboratories.

At the same time, regulations are monitored to ensure that any changes are applied.

Environmental issues linked to the Company's real estate properties

On August 27, 2012, the Company acquired a 12,000 sq. m property development at 50 rue de Dijon in Daix that is a research site made up of a complex of buildings used as laboratories, offices and outbuildings. The Company considers that its premises are suitably adapted to the expected growth of the Company and its workforce in both the short and medium term.

As an owner of real estate property, the Company is subject to various regulations and must comply with requirements in terms of the prevention of health risks, the safety of individuals and the protection of the environment. The main characteristics of these regulations are described below, it being specified that this document does not provide an exhaustive analysis of the regulations that apply to the Company.

Under French law, classified facilities for the protection of the environment (*installations classées pour la protection de l'environnement* – ICPE) are facilities or equipment that are potentially hazardous or could adversely affect the interests protected by Article L. 511-1 of the French Environmental Code (*Code de l'environnement*), in that they may present a danger or inconvenience for neighbors, for public health, for the protection of the environment or for the rational use of energy. Depending on the level of danger they represent, the operation of an ICPE is subject to authorization, registration or simple declaration. In view of its activities, the Company is required to declare its activities which involve the preparation, manufacture, transformation and packaging of radioactive substances. Its cooling facilities that use evaporative cooling by circulating water in a mechanically-forced or naturally-generated air stream must also be declared and controlled (*déclaration contrôlée*).

Furthermore, the Company has obtained authorization from the ASN to use sealed radioactive substances which do not have a direct impact on the environment.

The Company considers that its premises are suitably adapted to the expected growth of the Company and its workforce in both the short and medium term.

Resources for the prevention of environmental risks and pollution

The HSE Officer working with correspondents in each research department manages all aspects of environmental risk prevention and pollution.

The Company is subject to two headings of ICPE regulations: (i) heading no. 2921 which requires the declaration and control of the Company's air-cooling tower and (ii) heading no. 1715-2 which requires the declaration of radioactive substances.

The Company has implemented preventive measures on both counts.

For radioactive substances:

- an annual radiation protection check is performed by SGS Qualitest.

For the air cooling tower:

- a technical check is performed by Bureau Veritas every two years;
- a systematic risk analysis is performed by APAVE every two years; and
- periodic legionella checks are carried out.

Provisions and guarantees for environmental risks

The Company is not subject to any litigation or environmental risk.

For the years ending December 31, 2018 and 2019, Inventiva did not record any provision for environmental risk.

1.2. Circular economy

(i) Waste prevention and management:

Measures for prevention, recycling, reuse, other forms of recovery and disposal

The Company sorts non-hazardous waste at source in order to recover it, notably paper and cardboard.

In 2018, the Company generated 41.1 metric tons of non-hazardous waste (a 19.4% decrease compared to 2018), including 0.8 metric tons of paper and 5 metric tons of cardboard.

As for special waste, the Company generated and recovered 28.3 metric tons, which represents a 30.4% decrease on 2018, and breaks down as 12.3 metric tons of healthcare waste, 16.0 metric tons of chemical waste and 1.8 metric tons of waste electrical and electronic equipment (WEEE).

This change is due to a decrease in activities in 2019 following a reorganization of the research departments.

All waste is subject to the hazardous goods transportation regulations, which are audited annually by the Company's independent safety advisor.

The Company also generates radioactive waste, which is not taken into account in the 2019 and 2018 reporting due to its small volume. The Company's very low-level radioactive waste is removed by the French National Agency of Radioactive Waste (*Agence Nationale des Déchets Radioactifs* – ANDRA), as and when it is used in laboratories. There was no removal of radioactive waste in 2019 and 2018.

Initiatives for the prevention of food waste

The Company's canteen is managed by a service provider. The service contract does not include any special clauses for preventing food waste.

(ii) Sustainable use of resources:

- Water consumption and water supply according to local constraints

The Company uses the water mains network for cleaning, sanitation, autoclaving and for its canteen. 6,902 cu. m were consumed in 2019, a 41.8% rise compared to 2018.

- Consumption of raw materials and measures taken to improve efficiency

Scientific research requires the purchase, storage and use of scientific materials and consumables for project development. Since the Company's creation, an action plan has been implemented to improve flow management and storage, resulting in the reduction of intermediate storage areas in each laboratory and helping to limit the risk of expiry of the various items. Moreover, trend analysis shows that the Company has at the same time been able to significantly reduce the unit cost and volume of consumables per researcher since 2013.

Among the most widely used raw materials are solvents, with purchases amounting to 5,492 liters in 2019, compared to 7,430 liters in 2018, and liquid nitrogen, with purchases amounting to 53,948 cu. m in 2019, compared to 48,290 cu. m in 2018.

Energy consumption, measures taken to improve energy efficiency and use of renewable energies

An energy diagnosis was performed in 2013 to look for solutions allowing for a reduction in energy consumption.

The following measures were adopted and implemented:

- installation of new-generation heaters; and
- modification of the management of the electric heating and the use of standby mode on air handling units during non-working hours.

Natural gas consumption in 2019 was nearly 2.76 GWh, down 2.2% from 2018, and electricity consumption close to 5.57 GWh, up 2% from 2018. Energy use for 2019 was weather dependent and slightly increase compared to 2019.

Land use

Due to its activity, the Company has little exposure to land use issues. Its current organization on a single site means that this issue is not material.

With regard to waste and water treatment, see the sections above on waste prevention and management and water consumption.

1.3. Climate change

The Company's activity is not directly exposed to climate change, but an energy diagnosis performed in 2013 has made it possible to implement certain improvements.

The energy diagnosis found that energy consumption is one of the Company's biggest sources of CO_2 emissions.

In 2019, based on emission factors from the French Environment and Energy Management Agency (*Agence de l'Environnement et de la Maîtrise de l'Énergie* – ADEME), CO_2 emissions related to energy consumption broke down as follows:

- 318 metric tons of CO_2 equivalent from power consumption; and
- 564 metric tons of CO_2 equivalent from gas consumption.

In 2019, CO_2 emissions from work-related air travel were 348.7 metric tons for Inventiva staff[9].

Adaptation to the consequences of climate change

The Company has implemented an action plan on this issue following an energy diagnosis, as described in the section above on energy consumption.

2. Labor information

2.1. Organization of working time

Employees' employment contracts are subject to the collective agreement for the pharmaceutical industry.

An agreement on the organization of working time was signed on February 19, 2015 for an indefinite term and with retroactive effect from February 1, 2015. Since January 1, 2015, managers' working time has been determined on the basis of a number of days under this agreement. For a full year of work, the number of days is set at 217 days, including the national day of solidarity.

Employees may also have a reduced load and work fewer than 217 days during the year.

Personnel not subject to a contract setting a fixed number of days' work each year benefit from a variable schedule based on a theoretical 37-hour work week. In consideration for the fact that their actual weekly working hours exceed the statutory limit of 35 hours, said employees are awarded 12 additional days' leave spread over the calendar year. The Company may also enter into part-time employment contracts to meet its needs or at the request of certain employees for personal reasons.

In 2019, four people worked part-time: 2 managers, 1 technician and 1 office worker.

In 2018, four people worked part-time: 3 technicians and 1 office worker.

2.2. Employee relations

Following the adoption of order no. 2017-1386 of September 22, 2017 on the New Organization of Social and Economic Dialogue in Businesses and Favoring the Exercise and Promotion of Union Responsibilities. A new Economic and Social Committee (ESC) was elected in November 2018. The ESC is composed of six members (including 1 alternate).

The first meeting was on December 19, 2018. In 2019, nine meeting were held with the ESC.

Employee relations are still conducted through a trade union delegate. The Company's management believes that it has a good relationship with the staff representative bodies and hopes constructive collaboration and meetings will continue with the new team.

In 2018, one Mandatory Annual Negotiations agreement was signed, on October 22, 2018.

In 2019, one Mandatory Annual Negotiations agreement was signed, on October 29, 2019.

Incentive agreement (*accord d'intéressement*)

An "*accord d'intéressement*" is an optional incentive mechanism which aims to enable the Company to involve its employees, using a calculation formula, more closely and collectively in the growth of the Company and, more specifically, in its results and performance by paying immediately available bonuses in accordance with Articles L. 3312-1 *et seq.* of the French Labor Code (*Code du travail*).

An incentive agreement was signed on May 30, 2016 for 3 years and modified by two successive amendments of May 23, 2017 and April 26, 2018 specifying the incentive criteria for the financial years 2017 and 2018. A new agreement was signed on June 11, 2019 for 3 years.

The primary aim of the incentive agreement is to motivate and empower all employees on criteria that are aligned with the Company's objectives.

For 2018, the Company retained only one criterion, namely the level of progress of the various research programs.

For 2019, the Company retained only one criterion, namely the level of progress of the various research programs and research initiatives.

The formula adopted to trigger payment of incentives is based on the achievement of targets in relation to research, innovation and expenditure containment, where applicable.

For 2018, the optional profit share paid in 2019 amounted to €54,818.

For 2019, the amount set aside is €108,758 and will be paid in 2020.

Profit-sharing agreement

A profit-sharing agreement was signed on May 26, 2016 within the Company with retroactive effect from 2015 for the first time. For 2018 and 2019, as there was a net recurring pre-tax loss, no profit-sharing was distributed.

2.3. Health and safety

Occupational health and safety conditions

Health, safety and working conditions are part of the Company's broader policy.

The Company has established an organization responsible for occupational health, safety and environmental protection in order to ensure compliance with regulations in force.

It is made up of an HSE Officer working with correspondents in each research department.

Given the nature of its activities, and in particular its laboratory work, employee safety is a daily concern for the Company. Safety rules are set out in an information memorandum and by the HSE Officer at various departmental meetings.

The Company has had a three-member Health, Safety and Working Conditions Committee (HSC) since January 2014 replaced by a new Economic and Social Committee (ESC) in November 2018. This new ESC meets four times a year to discuss issues associated with health and safety in the workplace.

The staff tasked with ensuring the safety of employees and facilities benefit from all the necessary regulatory training.

In addition, each employee receives safety information and training from the HSE Officer after hiring as part of the induction process.

In accordance with regulations, a Single Occupational Risk Assessment Document has been drafted. It is updated annually and is available to all employees in a shared database.

Review of agreements signed with the trade union organizations or employee representatives in the field of occupational health and safety

No agreements were signed for 2018 and 2019.

2.4. Equal opportunities

Measures taken to promote gender equality

A collective agreement on professional equality between men and women was entered into on October 17, 2014 for a term of three years. A new agreement was signed on April 26, 2018.

Women accounted for 60% of the total workforce in 2018 and 60% in 2019.

The Company aims to implement an equal opportunity policy in the areas of recruitment, training and promotion.

Based on a report comparing the situation for men and women, indicators have been defined as part of a gender equality action plan which include equal access to professional promotion and equal pay for identical positions between people with the same experience and the same type of academic qualification.

Measures taken to promote the employment and integration of people with disabilities

The Company employs one person registered as disabled workers. In 2016, it also signed a service contract to maintain its outdoor areas with a company that provides paid employment for people with disabilities.

The Company continued to list job openings with specialized websites in 2019.

Anti-discrimination policy

The Company aims to ensure the absence of discrimination in recruitment, training and promotion. In 2018, 12 men and 16 women were promoted, i.e., 24.7% of employees. In 2019, 11 men and 18 women were promoted, i.e., 32,9% of employees. A promotion is defined as a change in salary, job title or bonus rate.

B. Corporate governance report

By this report prepared in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*), the Board of Directors reports on the composition of the Board, the application of the principle of balanced representation between men and women on the Board, the conditions for preparing and organizing the work of the Board, the limitations on the powers of the Chief Executive Officer, and the compensation and benefits of the executive corporate officers and directors.

This report was prepared with the assistance of the legal and human resources departments. It was presented to the Compensation and Appointments Committee prior to its approval by the Board of Directors at its meeting of January 24, 2020. This report will be updated for the Annual General Meeting called to approve the financial statements for the year ended December 31, 2018.

The Company abides by the Middlenext Corporate Governance Code, published in December 2009 and updated in September 2016 (the Middlenext Code) as presented in section B.4.1 of this Annual Financial Report.

1 Presentation of Board of Directors

The biographies of the directors in office at December 31, 2019 and at the date of this Annual Financial Report are detailed below :

1.1 Biographies of the directors

 **Frédéric Cren,** **Chairman and Chief Executive Officer** Address: Company registered office	Frédéric Cren, an experienced pharmaceutical executive is the CEO and Co-Founder of Inventiva. He has held several key positions in the pharmaceutical industry, the most recent being General Manager – Research, with Abbott Labs from 2010 to 2012. Vice-President of Strategic Marketing, Vice-President of US Operations and member of the Executive Committee for Laboratoires Fournier from 2001 to 2005, Mr. Cren has extensive experience in a broad range of fields from research and development to marketing, strategy and operations. During his time at Fournier, where he was in charge of its fenofibrate franchise and oversaw the successful development and launch of TriCor® 145. Following the acquisition of Fournier by Solvay in 2005, he was appointed Head of Business Strategy and Portfolio, Senior Vice-President of the Research Division and member of the Executive Committee for Solvay Pharmaceuticals. Prior to joining the pharmaceutical industry, he worked as a consultant for the Boston Consulting Group for eight years and as manager in their healthcare practice. Mr. Cren holds an MBA from INSEAD, a Master's Degree in International Relations from Johns Hopkins University and a Bachelor's degree in Economics from Paris IX Dauphine University.
Other corporate positions	Director – France Biotech

Positions held over the last five years but which have now ended	
Number of shares and options held	5,704,816 Company shares[(1)]

(1) Ownership of the Frédéric Cren's family group, of which (i) 475,993 shares owned jointly with his wife, (ii) 92,592 shares held by their minor child and (iii) 5,136,231 shares held in full ownership by Fréderic Cren.

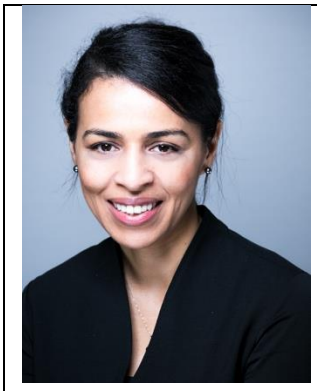
 **Pierre Broqua,** **Deputy Chief Executive Officer** Address: Company registered office	Pierre Broqua brings over 25 years of experience in drug discovery and innovative research to Inventiva. Before co-founding Inventiva in 2011, he successfully managed numerous research programs leading to the discovery of highly innovative clinical and pre-clinical compounds, in particular during his time at Ferring Pharmaceuticals from 1997 to 2002 and Fournier Laboratories from 2002 to 2005, as Head of Neuroscience for Solvay Pharmaceuticals from 2007 to 2010 and finally as Head of Research for the Abbott Dijon R&D site. One of his most notable achievements is the co-discovery while Head of Pharmacology at Ferring Pharmaceuticals of the GnRH antagonist degarelix (now marketed under the brand name Firmagon®). Dr Broqua holds a Ph.D. in Pharmacology from the University of Paris Descartes and has a Master's degree in Chemistry and Biochemistry from the Pierre and Marie Curie University in Paris.
Other corporate positions	None
Positions held over the last five years but which have now ended	None
Number of shares and options held	3,882,500 Company shares

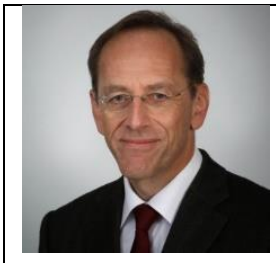
 **Chris Buyse,** **Independent director and Representative of Pienter-Jan BVBA** Address: Company registered office	Chris Buyse, 55, has more than 30 years' expertise in international finance and financial management and has held a number of Chief Financial Officer positions including CFO for Belgian company CropDesign, where he coordinated its acquisition by BASF, CFO of ThromboGenics, a biotechnology company listed on the New York Stock Exchange and Euronext Brussels, CFO of Worldcom/MCI Belgium Luxembourg and CFO then interim CEO of Keyware Technologies N.V. He has also held various positions at Spector Photo Group, Lyonnaise des Eaux (Suez) and Unilever. He is currently a director of several listed and privately-held companies, including Celyad SA, iTeos Therapeutics SA and Bioxodes SA, and also Managing Partner of the Belgian investment company Fund+, which he founded in 2015 and which specializes in innovative life science companies. Mr. Buyse holds a Master's degree in Applied Economic Sciences from the University of Antwerp and a Master of Business Administration MBA from the Vlerick School of Management in Ghent.
Other corporate positions	Positions held as permanent representative of Pienter-Jan BVBA: Director – Bioxodes SA Director – Sofia BVBA Director – Life Sciences Research Partners VZW Director – EYE-D Pharma SA Positions held in a personal capacity: Director – Celyad SA Director – Iteos SA Director – Fund+ SA Director – Pinnacle Investments SA Director – Creabuild NV Director – Sofia BVBA Director – Pienter-Jan BVBA Director – Fondation Francqui
Positions held over the last five years but which have now ended	Positions held as permanent representative of Pienter-Jan BVBA: Director – Celyad SA Administrateur – Keyware Technologies SA Administrateur - Immo David NV Positions held in a personal capacity: Director – Promethera Biosciences SA Director – Bone Therapeutics SA
Number of shares and options held	30,000 BSA 2017 share warrants held by Pienter-Jan BVBA (of which one third is exercisable since May 29, 2018 and a second third since May 27, 2019)

 **Annick Schwebig,** **Independent director and Representative of CELL+** Address: Company registered office	Annick Schwebig, 69, was the founder and CEO of Actelion Pharmaceuticals France, a pharmaceuticals company specializing in the development of drugs for orphan diseases, from 2000 to 2015. She has also held other senior positions in the pharmaceuticals industry, including Vice-President Medical Affairs France and Vice-President Research and Development Europe at Bristol-Myers Squibb from 1983 to 2000. Ms Schwebig has been a director of Cellectis since 2011 and is a graduate of the Faculté de Médecine de Paris.
Corporate positions	Positions held as a permanent representative of CELL+: None Positions held in a personal capacity: Director – Cellectis SA Deputy Chair of the Supervisory Board – Inserm Transfert SA Director – B Cell Design Member of the Selection Committee – BPI Chair of the Genopole Expert Committee for Shaker and Booster Programs
Positions held over the last five years but which have now ended	Positions held in a personal capacity: CEO – Actelion Pharmaceuticals France
Number of shares and options held	30,000 BSA 2017 share warrants held by CELL+ (of which one third is exercisable since May 29, 2018 and a second third since May 27, 2019)

 **Lucy Lu,** **Independent director and Representative of Sofinnova Partners** Address: Company registered office	In addition to her position at Inventiva, Lucy Lu, 45, has been President and Chief Executive Officer of Avenue Therapeutics since 2015, when the company was first formed. She was Executive Vice-President and Chief Financial Officer of Fortress Biotech, Inc. from 2012 to 2017 previously. Before working in the biotechnology industry, Dr. Lu accumulated ten years of experience working in healthcare-related equity research and investment banking, including at Citigroup Investment Research from 2007 to 2012. Dr. Lu holds a Doctor of Medicine degree from the New York University School of Medicine and a Master's degree in Business Administration from the Leonard N. Stern School of Business at New York University. She also has a Bachelor's degree from the University of Tennessee's College of Arts and Science.
Other corporate positions	Positions held in a personal capacity:

	Director – Avenue Therapeutics
Positions held over the last five years but which have now ended	None
Number of shares and options held	2,211,250 Company shares owned by Sofinnova Crossover I SLP

 **Nawal Ouzren,** **Director** Address: Company registered office	With 15 years' experience in operational and strategic management in the pharmaceutical industry, Nawal Ouzren has been Chief Executive Officer and a member of the Board of Directors of Sensorion since 2017. She began her career at Baxter, where she was an operational manager, then Quality Operations Director and Senior Director Strategy, before becoming Vice President of the BioSimilars business unit. In 2014, she became Vice-President of the Global Hemophilia Franchise at Baxalta, which had been incorporated within the Shire group. In 2016, she headed up the Global Genetic Diseases Franchises at Shire, where she supervised all marketing, business and strategy aspects of this global division's product portfolio. Nawal Ouzren has a Master's degree in Chemical Engineering from the Technical University of Berlin (Germany) and a Master's degree in Chemical Engineering from the University of Technology of Compiègne (France).
Other corporate positions	Director – Sensorion S.A.
Positions held over the last five years but which have now ended	None
Number of shares and options held	None

 **Heinz Maeusli,** **Director**	As Chief Financial Officer of Advanced Accelerator Applications (AAA) from 2003 to 2018, Heinz Maeusli helped make the company a world leader in its industry. In particular, he led AAA's initial public offering on NASDAQ in November 2015 and worked on the sale of AAA to Novartis in January 2018. Throughout his career, he has developed expertise in the operational, organizational, financial and cultural challenges tied to the growth and integration of international companies.

Address: Company registered office	Heinz Mäusli has an MBA from Columbia University in New York (USA) and a degree in Economics from the University of St. Gallen (Switzerland).
Other corporate positions	Progenics Pharmaceuticals, Inc.
Positions held over the last five years but which have now ended	None
Number of shares and options held	None

1.2 Members of the Board of Directors

The table below provides information on the members of the Board of Directors:

Name/ Position	Independent	Date of first appointment as director	Renewal date	Date of expiry of term of office	Term of office	Audit Committee	Compensation and Appointments Committee
Frédéric Cren Chairman and Chief Executive Officer	No	May 31, 2016	May 27, 2019 by decision of Combined General Meeting	Annual General Meeting called to approve the financial statements for the year ended December 31, 2021	3 years	No	No
Pierre Broqua Deputy Chief Executive Officer	No	May 31, 2016	May 27, 2019 by decision of Combined General Meeting	Annual General Meeting called to approve the financial statements for the year ended December 31, 2021	3 years	No	No
Pienter-Jan BVBA, represented by Chris Buyse	Yes	September 30, 2016, taking up of office deferred until initial public offering on February 14, 2017	May 27, 2019 by decision of Combined General Meeting	Annual General Meeting called to approve the financial statements for the year ended December 31, 2021	3 years	Yes, Chair	Yes
CELL+, represented by Annick Schwebig	Yes	September 30, 2016, taking up of office deferred until initial public offering on February 14, 2017	May 27, 2019 by decision of Combined General Meeting	Annual General Meeting called to approve the financial statements for the year ended December 31, 2021	3 years	Yes	Yes, Chair
Sofinnova Partners, represented by Lucy Lu	Yes	May 28, 2018, by the Combined General Meeting	-	Annual General Meeting called to approve the financial statements for the year ending December 31, 2020.	3 years	Yes	No
Nawal Ouzren	Yes	May 27, 2019, by the Combined General Meeting	-	Annual General Meeting called to approve the financial statements for the year ending December 31, 2021.	3 years	No	No

Heinz Maeusli	Yes	May 27, 2019, by the Combined General Meeting	-	Annual General Meeting called to approve the financial statements for the year ending December 31, 2021.	3 years	Yes, since June 28, 2019	No

1.3 Changes in the Board of Directors and gender balance

Changes in the Board of Directors in 2019

The Annual General Meeting held on May 27, 2019 to approve the financial statements for the year ended December 31, 2018:

- decided to renew the directorships of Frédéric Cren, Pierre Broqua, CELL+ and Pienter-Jan BVBA;

- noted the expiry of the directorships of Chris Newton, Nanna Lüneborg and Jean-Louis Junien;

- decided to appoint Nawal Ouzren and Heinz Mäusli as directors.

Following the recommendations of the Compensation and Appointments Committees and in accordance with the requirements of the Internal Regulations (as this term is defined below), the Board of Directors of June 28, 2019 decided to appoint Heinz Maeusli to the Audit Committee, and to renew the company Pienter-Jan BVBA, whose permanent representative is Chris Buyse, and the company CELL +, whose permanent representative is Mrs Annick Schwebig, in their respective terms in this committee and in the Compensation and Appointments Committee.

Independent directors

Five of the seven directors comprising the Board of Directors are independent directors, i.e., 71% of its members. The independent directors comply with the independence criteria set out in the Middlenext Code as regards the absence of significant financial, contractual, family or other relations liable to compromise their independent judgment:

- independent directors must not be Company employees or corporate officers, or have held any such position in the previous five years;
- they must not have any significant business relations with the Company (as customer, supplier, competitor, service provider, debtor, banker, etc.);
- they must not be reference shareholders in the Company or hold significant voting rights;
- they must not have close family ties with a corporate officer or reference shareholder of the Company; and
- they must not have been Statutory Auditors of the Company in the previous six years.

Gender balance

At the date of this Annual Financial Report, three of the seven members of the Board of Directors are women, i.e., 42.8%: Annick Schwebig (permanent representative of the company CELL+), Lucy Lu (permanent representative of the company Sofinnova Partners) and Nawal Ouzren.

The Company respects rules on gender representation within the Board of Directors and is compliant with the provisions of Article L. 225-18-1 of the French Commercial Code, which required the proportion of directors of each gender may not be less than 40%.

2 Operation of the Board of Directors and its committees

2.1 Roles and responsibilities of the Board of Directors

Responsibilities of the Board of Directors

The Internal Regulations of the Board of Directors (Internal Regulations) stipulate that the Board takes on the missions and exercises the powers assigned to it by law, by the Company's bylaws and by the Internal Regulations of the Board of Directors.

The Board determines the Company's strategic vision and ensures its implementation. Its approval is required prior to the implementation of certain specific strategic decisions (as set out below). Subject to the powers specifically assigned to Annual General Meetings and within the limits of the corporate purpose, it examines all matters relevant to smooth operation of the Company and deliberates to settle all issues concerning the Company.

The Board also conducts any verifications that it considers necessary and may request access to any documents that it considers useful for fulfilling its responsibilities.

The Board oversees the proper governance of the Company in line with the corporate social responsibility principles and practices undertaken by the Company, its executives and its employees.

Frequency of Board meetings

As stipulated by its Internal Regulations, the Board of Directors meets at least four times a year, and whenever required in the interest of the Company.

The Board met 9 times in 2019, with a member attendance rate of over 70%.

The Board of Directors has created an Audit Committee and a Compensation and Appointments Committee. The composition, powers and operating rules of both Committees are described below.

2.2 Roles and responsibilities of the Audit Committee

Composition

The Audit Committee includes at least two directors. Each member of the Audit Committee is appointed by the Board of Directors from among its members and may be replaced by the Board of Directors.

At least one member of the Audit Committee must have specific financial or accounting skills and be independent according to the criteria laid down and made public by the Board of Directors.

The following directors are currently members of the Audit Committee for a term concurrent with their term as director:

- Chris Buyse, as permanent representative of Pienter-Jan BVBA and Chair of the Committee;
- Annick Schwebig, as permanent representative of CELL+; and
- Heinz Maeusli

Operation

The Audit Committee meets at least twice a year and as often as it considers necessary.

The Audit Committee may only validly deliberate if at least one half of its members are present, represented or deemed present.

Decisions are taken by a majority of the members, with the Chair of the Audit Committee having a casting vote in the event of a tie.

Members of the Audit Committee may only be represented by another member of that Committee.

Written minutes of each meeting are drawn up.

Responsibilities

The Audit Committee is responsible for (i) the financial reporting process, (ii) the effectiveness of internal control and risk management systems, (iii) the statutory audit of the financial statements and, where

applicable, the consolidated financial statements by the Statutory Auditors, and (iv) ensuring the Statutory Auditors' independence.

The Audit Committee's main role is to continuously assess the existence and effectiveness of the Company's financial and risk control procedures.

In view of this, the Audit Committee is responsible for:

Financial statements and financial information:

Having regularly reviewed the Company's financial and cash flow situation and the commitments contained in its financial statements:

- examines the Company's annual and half-yearly financial statements;
- confirms the relevance of the Company's accounting choices and policies; and
- checks the relevance of the financial information published by the Company.

Internal control:

- ensures that internal control procedures are being implemented;
- checks that internal control is working correctly; and
- examines the works schedule for internal and external audits.

Risk management:

- examines any matter that may have a significant financial and accounting impact;
- examines the status of major legal disputes;
- examines risks and off-balance-sheet commitments;
- examines the relevance of risk monitoring procedures;
- examines related-party agreements; and
- examines, on the basis of a prior review of the finance/legal department, that the "free" agreements relate to ordinary transactions concluded under normal conditions.

Statutory Auditors:

- issues a recommendation on the Statutory Auditors proposed for appointment by the General Meeting of shareholders, the amount of their fees and ensures that they are independent;
- checks that the Statutory Auditors carry out their duties correctly; and
- sets the rules for using the Statutory Auditors for services other than auditing the financial statements and checks that these services are performed correctly.

The Audit Committee reports regularly to the Board of Directors on its work and informs the Board promptly of any difficulty encountered.

Work of the Committee

In 2018, the Audit Committee met two times: February 25, 2019 and September 23, 2019.

All members were present at each meeting and the Committee also reviewed the roll out of the Company's risk management and internal control system.

2.3 Roles and responsibilities of the Compensation and Appointments Committee

Composition

Members of the Compensation and Appointments Committee are appointed by the Board of Directors from among its members and can be replaced by the Board of Directors. It includes at least two members.

As of the date of this Annual Financial Report, the Compensation and Appointments Committee has two members.

The following directors are currently members of the Compensation and Appointments Committee for a term concurrent with their term as director:

- Annick Schwebig, as permanent representative of CELL+, and Chair of the Committee;
- Chris Buyse, as permanent representative of Pienter-Jan BVBA; and

Operation

The Compensation and Appointments Committee meets at least four times a year, without management, in order to assess the individual performance of directors and corporate officers and make recommendations to the Board of Directors as regards their compensation.

The Compensation and Appointments Committee may only validly deliberate if at least one half of its members are present, represented or deemed present.

Decisions are taken by a majority of the members, with the Chair of the Compensation and Appointments Committee having a casting vote in the event of a tie.

Members of the Compensation and Appointments Committee may only be represented by another member of that Committee.

Written minutes of each meeting are drawn up.

Responsibilities

The Compensation and Appointments Committee's main role is to oversee matters related to compensation plans, policies and programs where they concern corporate officers and directors.

The Compensation and Appointments Committee has the following responsibilities:

- makes recommendations and proposals about (i) the various aspects of the compensation, pension and welfare schemes for Company officers, (ii) the procedures for determining the variable part of their compensation; (iii) the Company's general incentive and profit-sharing policy (in particular, concerning dilutive instruments);
- examines the amount of directors' fees and the system for distributing these fees among directors according to their attendance and the tasks accomplished within the Board of Directors;
- advises and, where applicable, assists the Board of Directors on the selection of executive managers and their compensation;
- reviews potential capital increases reserved for employees;
- assists the Board of Directors in the selection and recruitment of new directors;
- ensures that structures and procedures are in place to allow sound governance practices to be implemented within the Company;
- prevents conflicts of interest within the Board of Directors; and
- implements the Board of Directors' assessment procedure.

Work of the Committee

The Compensation and Appointments Committee met four times in 2019: January 23, 2019, February 15, 2019, June 14 5, 2019 and December 11, 2019. At least two members were present at each meeting.

2.4 Assessment of the operation of the Board of Directors and its committees

The Internal Regulations stipulate that the Chairman of the Board of Directors shall once a year invite the Board members to provide feedback on the operation of the Board of Directors and the preparation of its work. The Board may also use this exercise to analyze its composition, organization and operation in order to assess its capacity to meet shareholders' expectations.

A formal assessment is carried out at least every three years. It may be conducted by the lead director or another independent director, who may call in assistance from an outside consultant if necessary.

Under the same conditions and at the same frequency, the Board of Directors shall also assess the operation of its permanent committees and the work of the lead director, especially as regards corporate governance.

At the end of 2017, the Board members completed the first self-assessment of the works of the Board of Directors based on the Middlenext questionnaire and with regard to the established practices of the Board of Directors over the course of 2017.

The Compensation and Appointments Committee carried out an analysis of the responses and made suggestions on how to improve the Board's performance which were discussed by the Board of Directors in the first half of 2018. A number of best practices were discussed and implemented, in particular that the Board might (i) devote more attention to long-term strategic questions, (ii) limit the attendance of non-board members at Board meetings to better protect confidential information and (iii) encourage holding Board meetings via telephone conference call, making it easier for members to be in attendance.

A new self-assessment questionnaire on the works of the Board of Directors is under consideration.

2.5 Evaluation procedures of the current agreements concluded under normal conditions

Pursuant to law n ° 2019-486 of May 22, 2019 relating to the growth and transformation of companies (Loi Pacte), the Board of Directors of March 9, 2020 set up and approved an internal procedure (the Procedure) for examining regularly if the agreements between related parties known as "free", namely those relating to ordinary transactions and concluded under normal conditions, fulfill these conditions.

The Procedure was approved by the Company's Board of Directors on March 9, 2020.

It is based on (i) identification of "free" agreements by the finance department by examining the financial flows that have occurred during the past financial year between the company and any related person or entity, (ii) an analysis by the legal department of the topicality of the criteria which prevailed in the classification of these agreements as "free", then (iii) validation of this analysis by the Audit Committee, which reports to the Board.

3 Senior Leadership

On the date of this Annual Financial Report, the Company has chosen to appoint Frédéric Cren as both Chairman of the Board of Directors (Chairman) and Chief Executive Officer (CEO).

Pierre Broqua holds the position of Deputy Chief Executive Officer (Deputy CEO) and is also a director of the Company.

3.1 Chief Executive Officer and Deputy Chief Executive Officer

Frédéric Cren fulfills the roles of Chairman of the Board of Directors and Chief Executive Officer. He holds the combined title of Chairman and Chief Executive Officer. He was appointed Chief Executive Officer for a three-year term on May 31, 2016 by the Board meeting after the General Meeting that decided the Company would change from a simplified joint-stock company into a limited company with a Board of Directors. His term of office was renewed for a period of three years by the first Board meeting after the General Meeting of May 27, 2019, and runs until 2022, after the Ordinary General Meeting called to approve the financial statements for the financial year ended December 31, 2021.

Pierre Broqua is the Deputy Chief Executive Officer. He was appointed Deputy Chief Executive Officer for a three-year term on May 31, 2016 by the Board meeting after the General Meeting that decided the Company would change from a simplified joint-stock company into a limited company with a Board of Directors. His term of office was renewed for a period of three years by the first Board meeting after the General Meeting of May 27, 2019, and runs until 2022, after the Ordinary General Meeting called to approve the financial statements for the financial year ended December 31, 2021.

The conditions of duty (including compensation) for the Chief Executive Officer and Chief Operating Officer, as set by the Board of Directors, are set out hereafter in section 5 *Compensation and benefits* of this Annual Financial Report. The report on related-party agreements appears in note 3.7.3 *Information*

related to regulated agreements and commitments in section A.I *Business information* of this Annual Financial Report.

As recommended by the Middlenext Code, the Company intends to regularly examine the issue of management succession, which is key to efficient business continuity. To this end, the Board was informed of the Company's management succession plan in the event of impediment at its meeting of December 18, 2017.

3.2 Senior Leadership duties

The functions of Chairman and Chief Executive Officer were combined when the Company became a limited company with a Board of Directors. This was confirmed by the Board meeting of June 3, 2019, which decided to renew the terms of the Chairman of the Board of Directors (Chairman) and Chief Executive Officer (CEO). For the Board of Directors, this arrangement is well-suited to the Company.

In accordance with the law, the Company's bylaws and the Internal Regulations, the Chairman and Chief Executive Officer chairs Board meetings, organizes and manages the Board's work, and oversees the smooth operation of the Company's management bodies, while ensuring that directors are capable of fulfilling their duties.

3.3 Limitation of powers

The Chairman and Chief Executive Officer has wide-reaching powers to act, under all circumstances, in the name of and on behalf of the Company, which he represents with regard to third parties.

He exercises these powers within the limit of the corporate purpose and subject to the powers expressly assigned to Annual General Meetings and the Board of Directors. The Company is bound by the actions of the Chief Executive Officer even if they do not fall within the corporate purpose, unless it can prove that the third party knew that the action in question exceeded such purpose or could not have been unaware of that fact given the circumstances, on the understanding that the mere publication of the bylaws is not sufficient evidence of the foregoing. Board decisions limiting the powers of the Chief Executive Officer are not invocable with regard to third parties. The Deputy Chief Executive Officer has the same powers as the Chief Executive Officer with regard to third parties.

Under Article 2 of its Internal Regulations, the prior approval of the Board of Directors (decided by a straight majority vote of the members present or represented) is required for all transactions, events, acts or decisions concerning the Company and the following matters:

- the annual budget, set by December 20 of each year;
- any proposal for investment or expenditure of more than €400,000 not appearing in the annual budget, and any proposal for bank or financial debt (except current operating debt) of more than €400,000 not appearing in the annual budget;
- any decision not provided for in the annual budget to transfer any substantial assets or substantial intellectual/industrial property belonging to the Company;
- any decision not provided for in the annual budget to acquire strategic assets, in particular industrial property, for the Company's benefit;
- any proposal not provided for in the annual budget to create subsidiaries or acquire companies or businesses, including any proposed investment in any entity, any proposed transfer, liquidation or winding-up of subsidiaries, any start-up of new activities or any takeover of all or part of a business under a management lease;
- any proposal not provided for in the annual budget to grant licenses or assign licenses or any intellectual property right held by the Company such as, for example, patents, know-how or trademarks, except in the normal course of business in relation to the Company's activities; and
- any decision to commence legal proceedings or conduct proceedings, and any decision regarding the settlement of disputes, where the interests at stake exceed the sum of €400,000.

4 Statements about corporate governance

4.1 Application of the Middlenext Code

Due to its growth and following the initial public offering on Euronext Paris, the Company has taken measures to improve its governance principles, including adopting the Middlenext Code, insofar as the principles of the Code are compatible with the Company's organization, size, resources and ownership structure.

The Middlenext Code can be found on Middlenext's website (www.middlenext.com).

At its meeting on December 18, 2017, the Board reviewed the items listed in the Middlenext Code as "Points to be watched". The table below shows the Company's current thinking as regards the application of the principles laid down in the Middlenext Code:

- the Company believes that it is compliant with the recommendations of the Middlenext Code which appear in the table under the heading "Adopted";
- the Company will consider recommendations R16, R17 and R18 when these subjects arise.

Middlenext Code Recommendations	**Adopted**	**Will be Adopted**
I. Sovereign power		
The Code does not contain any recommendations for shareholders	N/A	N/A
II. "Supervisory" power		
R1: Board member ethics	X	
R2: Conflicts of interest	X	
R3: Composition of the Board – Independent directors	X	
R4: Board member information	X	
R5: Board and committee meetings	X	
R6: Creation of committees	X	
R7: Introduction of the Board of Directors' internal regulations	X	
R8: Choice of directors	X	
R9: Board members' term of office	X	
R10: Directors' compensation	X	
R11: Implementation of the Board assessment procedure	X	
R12: Relations with "shareholders"	X	
III. Executive power		
R13: Definition and transparency of executive corporate officer compensation	X	
R14: Management succession planning	X	
R15: Concurrent holding of an employment contract and corporate office	X	
R16: Severance payments	N/A[(1)]	
R17: Supplementary pension schemes	N/A[(2)]	
R18: Stock options and bonus shares	N/A[(3)]	
R19: Review of points to be watched		X

(1) Company executives do not currently receive any severance pay. Should such payments be made, R16 would be followed.

(2) No Company executive is currently receiving any deferred benefits under a supplemental pension plan. Should such benefits be put in place, R17 would be followed.

(3) Company executives do not currently receive stock options or bonus share awards. Should a Company executive receive such a benefit, R18 would be followed.

4.2 Conflicts of interest

As recommended by the Middlenext Code, the Board of Directors ensures that all the necessary procedures are implemented for identifying and resolving conflicts of interest at all levels throughout the organization.

Potential conflict of interest in administrative bodies and Senior Leadership

Jean-Louis Junien is the principal shareholder of ISLS Consulting. On July 8, 2014, he entered into a consultancy agreement, which has since been renewed multiple times, of which on June 30, 2019 for one additional year. Under this agreement, ISLS Consulting assisted the Company's management and teams in the scientific conduct of its clinical and pre-clinical programs. ISLS Consulting charges for these services on a monthly basis according to the number of days worked during each month. Under this agreement, the Company paid ISLS Consulting €162,000 and €169,000 for the years 2018 and 2019 respectively. In addition, the Company awarded ISLS Consulting 1,500 BSA 2013-1 share warrants in May 2015, all of which were exercised in 2017, and 80,000 BSA 2018 share warrants at the Board of Directors' meeting of December 14, 2018 in payment for advisory services.

At the date of this Annual Financial Report, the term of office of Jean-Louis Junien has ended.

Other than the agreements described above, to the best of the Company's knowledge, at the date of this Annual Financial Report, there were no other potential conflicts of interest between the Company and the members of the Board and Senior Leadership.

Frédéric Cren and Pierre Broqua have entered into a shareholders' agreement (see note 1.4 *Notice of persons with significant control* in section A.II of this Annual Financial Report).

To the Company's knowledge, there are no agreements or understandings with shareholders, customers, suppliers or others pursuant to which one of the Company's directors or executives was appointed.

With the exception of the contracts described in note 3.7.3 *Information related to regulated agreements and commitments*, section A.I. of this Annual Financial Report, there are no service contracts between a Company officer and the Company.

Additional information

There are no family ties between the directors. To the best of the Company's knowledge, none of these persons has, during the last five years:

- been convicted of fraud;
- been associated. in his or her capacity as executive or director, in any bankruptcy, receivership or liquidation;
- been disqualified from managing;
- been charged with any official public incrimination or sanction imposed by statutory or regulatory authorities (including designated professional bodies); and
- been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of an issuer.

4.3 Shareholder participation in General Meetings

Arrangements regarding shareholders' participation in General Meetings are set out in Articles 25 and 26 of the bylaws.

In line with its communications strategy and the recommendations of the Middlenext Code, the Company intends to develop regular dialog and organize meetings with significant shareholders outside of General Meetings.

4.4 Information likely to have an impact in the event of a public offering

Information likely to have an impact in the event of a public offering, as set out in Article L. 225-37-5 of the French Commercial Code, concern the factors listed below.

4.4.1 The Company's capital structure

On the date of this Annual Financial Report, the Company is controlled, within the meaning of Article L. 233-3 of the French Commercial Code, by the family group composed of Frédéric Cren, Chairman and Chief Executive Officer of the Company, Roberta Becherucci, married name Cren and their minor child, and Pierre Broqua, Deputy Chief Executive Officer of the Company, who together hold 9,587,316 shares, representing 31.2% of the Company's capital and 47.2% of its voting rights. They have entered into a shareholders' agreement to set out the terms of their partnership within the Company.

4.4.2 Statutory restrictions on the exercise of voting rights and the transfer of shares or the clauses of agreements brought to the Company's attention in accordance with Article L. 233-11 of the French Commercial Code

There are neither any statutory restrictions on the exercise of voting rights and the transfer of shares, with the exception of the possibility for one or more shareholders holding at least 5% of the capital to request that voting rights be stripped from another shareholder for failure to declare a threshold crossing, in accordance with Article 11 of the Company's bylaws.

4.4.3 Direct and indirect holdings in the Company's capital of which the Company is aware in accordance with Articles L. 233-7 and L. 233-12 of the French Commercial Code

Based on the threshold disclosure filed with the AMF on February 19, 2020, BVF Partners L.P. (acting on behalf of funds managed by it) stated that, as of February 16, 2020, it had passed above the 25% threshold of the Company's capital and that, on behalf of said funds, it held 6,860,525 Inventiva shares and the same number of voting rights, i.e., 22.36% of the Company's capital and 16.88% of the Company's voting rights. This crossing of the threshold results from the expiration of a purchase option relating to 1,250,000 Inventiva shares from which the declarant benefited.

Based on the threshold disclosure filed with the AMF on February 13, 2020, New Entreprise Associates 17 L.P1 (NEA) stated that, as of February 11, 2020, it had passed above the 10% threshold of the Company's capital and that, on behalf of said funds, it held 4 110 367 Inventiva shares and the same number of voting rights, i.e., 13.39% of the Company's capital and 10.10% of the Company's voting rights. This crossing of the threshold results from the expiration of a purchase option relating to 1,250,000 Inventiva shares from which the declarant benefited. This crossing of threshold results from the subscription to the capital increase of February 2020 of the Company by the declarant.

Based on the threshold disclosure filed with the AMF on October 3, 2019, Sofinnova Partners (acting on behalf of the Sofinnova Crossover I SLP funds managed by it) stated that, as of October 2, 2019, it had crossed over the 5% threshold of the Company's voting rights and that, on behalf of said funds, it held 1,883,794 Inventiva shares and the same number of voting rights, i.e., 7.05% of the Company's capital and 5% of the Company's voting rights. This crossing of threshold results from the subscription to the capital increase of October 2019 of the Company by the declarant.

The Company has no knowledge of any other declaration made under Articles L. 233-7 and L. 233-12 of the French Commercial Code reporting direct or indirect holdings in the Company's capital likely to have an impact in the event of a public offering.

4.4.4 List of shareholders with special control rights and description of said rights

At the date of this Annual Financial Report, no shareholder had any special control rights.

A double voting right is however allotted to all fully paid-up shares for which proof is given that the shares have been registered in the name of the same shareholder for at least two years.

In addition, on the date of this Annual Financial Report, the Company holds none of its shares personally or via a third party other than those tied to the share buyback program and the 12-month liquidity agreement signed on January 19, 2018 between the Company and Kepler Cheuvreux. This agreement is tacitly renewable every 12 months. The decision to enter into a liquidity agreement with Kepler Cheuvreux was approved by the Board of Directors' meeting of December 18, 2017, as well as its renewal on June 28, 2019. The Board of Directors set the aggregate maximum amount that may be spent on shares at €5 million and the maximum purchase price per share at €17.

4.4.5 Control mechanisms provided for in a future employee share ownership system, when control rights are not exercised by employees

No control mechanisms are provided for in a future employee share ownership system, when control rights are not exercised by employees.

4.4.6 Shareholders' agreements of which the Company is aware and that may lead to restrictions on the transfer of shares and the exercise of voting rights

As part of the admission to trading of the Company's shares on the regulated market of Euronext Paris, Frédéric Cren and Pierre Broqua, the Company's founders and principal shareholders, entered into a shareholders' agreement to set the conditions of their partnership within the Company.

Frédéric Cren carried out an operation, on October 4, 2019, consisting in the joint ownership of Company shares with his wife, Ms. Roberta Becherucci, and a donation of a minority share of these shares to their child minor - Mr. Frédéric Cren, Mrs. Roberta Becherucci and their minor child composing the family group Cren – and to their two adult children.

A second amendment to the shareholders' agreement between Frédéric Cren, Pierre Broqua and Roberta Becherucci, married name Cren, was signed on January 28, 2020, which removes the automatic termination of the concert if, together, the parties hold less than 50% of the Company's share capital and theoretical voting rights.

On the date of this Annual Financial Report, the Company is controlled within the meaning of Article L. 233-3 of the Commercial Code, by Frédéric Cren, Chairman and Chief Executive Officer of the Company, Pierre Broqua, Deputy Chief Executive Officer of the Company and Roberta Becherucci, wife Cren, who both hold for a total of 9,587,316 shares representing 31.2% of the capital and 47.2% of the voting rights of the Company and have concluded a shareholders' agreement for the purpose of setting the conditions of their partnership within the Company.

4.4.7 Rules applicable to the appointment and replacement of members of the Board of Directors, as well as those applicable to the amendment of the Company's bylaws

Rules applicable to the appointment and replacement of members of the Board of Directors are specified in Article 15 of the Company's bylaws.

4.4.8 Powers of the Board of Directors, particularly regarding share issues or buybacks

The Annual General Meeting delegates authority to the Board of Directors to carry out certain transactions related to public offerings.

A liquidity agreement was also entered into on January 19, 2018 between the Company and Kepler Cheuvreux under the share buyback program following the approval of the Annual General meetings of May 29, 2017. The authorization was renewed annually thereafter and for the last time during the General Meeting of May 27, 2019.

4.4.9 Agreements entered into by the Company that may be amended or terminated in the event of a change of control of the Company, unless such disclosure (excluding legal disclosure obligations) could seriously damage the Company's interests

On the date of this Annual Financial Report, and to the best of the Company's knowledge, there are no arrangements that may result in a change of control of the Company.

4.4.10 Agreements that provide for severance pay for members of the Board of Directors and employees if they resign or are dismissed without due cause, or if their employment is terminated due to a public tender or exchange offering

Company executives do not currently receive any severance pay. Should such payments be made, R16 of the Middlenext Code would be followed.

No agreement currently exists that provides for severance pay for employees if they resign or are dismissed without due cause, or if their employment is terminated due to a public offering. Should the beneficiaries be dismissed on personal grounds or resign during the Vesting Period, their bonus shares awarded in 2018 and 2019 will lapse. In the event that beneficiaries are made redundant on economic grounds, they shall lose their rights to the bonus shares, unless the Board of Directors decides otherwise.

5 Compensation and benefits

The information presented below was prepared with the assistance of the Compensation and Appointments Committee with reference to the Middlenext Code and AMF recommendations.

5.1 Compensation policy for corporate officers

This compensation policy was established in application of Article L. 225-37-2 of the French Commercial Code, in the version resulting from Order No. 2019-1234 of November 27, 2019, which reformed the system of management of compensation for corporate officers established by the Sapin II law. The new system requires an annual shareholder vote on a compensation policy for corporate officers, established by the Board of Directors, which applies to all of the Corporation's corporate officers, including the directors, who were previously excluded.

The Annual General Meeting called to approve the financial statements for the year ended December 31, 2019 will be asked to approve the 2020 compensation policy for executive corporate officers. For this purpose, the remuneration policy presented in this report describes the decision process followed for its review and implementation, as well as the fixed and variable components of the remuneration. It should be noted that the resolution(s) of this nature are submitted at least annually to the approval of the General Meeting under the conditions provided by the law.

Should the Board of Directors fail to approve this or these resolution(s), compensation will be determined based on compensation paid for the previous year.

Are detailed below:

- the aspects of the remuneration policy common to all corporate officers (5.1.1),
- the application of the remuneration policy to the executive corporate officers (5.1.2), and
- the application of the remuneration policy to the directors (5.1.3).

Compensation is determined by the Board of Directors each year at the proposal of the Compensation and Appointments Committee, based on the level and complexity of responsibilities, as well as the area of activity and sector practices.

The following information for each executive corporate officer is set out below:

- the fixed, variable and exceptional components of their total compensation;
- any benefits of all kinds awarded in respect of their corporate office;
- the policy and criteria for determining, allocating and awarding fixed, variable and exceptional compensation and benefits of all kinds subject to a specific resolution to be put to the shareholders at the Ordinary General Meeting; the payment of variable and exceptional components of compensation to the relevant executive corporate officers is subject to approval at the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2019.

5.1.1 Compensation policy for corporate officers - Common aspects

The determination, review and implementation of the compensation policy for corporate officers is decided by the Board of Directors at the proposal of the Compensation and Appointments Committee, based on the level and complexity of responsibilities, as well as the area of activity and sector practices.

In developing this policy, the Board ensures in particular that it is in accordance with the social interest of the Company, contributes to its sustainability and its commercial strategy. In this regard, it ensures in particular the balance between, on the one hand, the interests of the Company and its main stakeholders and, on the other hand, the performance of directors and the continuity of compensation practices. It also ensures the loyalty of the teams and the fair valuation of the work.

In the event of the appointment of a new corporate officer, the remuneration policy applicable to his predecessor will apply to him *mutatis mutandis* pending, if necessary, modifications decided by the General Meeting. In the event of the renewal of the mandate of a corporate officer, the remuneration policy which was applicable to him prior to the renewal will be continued pending, if necessary, modifications decided by the General Meeting.

5.1.2 Compensation policy for executive corporate officers

The compensation of executive directors, detailed below for each of them in 5.1.2.1 and 5.1.2.2, consists of fixed compensation possibly supplemented by non-cash benefits and annual variable compensation, fixed according to annual performance criteria and which corresponds to a percentage of fixed compensation. These criteria are precisely defined by the Board of Directors but are not fully made public for confidentiality issues.

At the beginning of the year, the Board of Directors sets executive corporate officers' annual targets in accordance with the agreed upon strategic and operational plan. Achievement of the targets is discussed by the Compensation and Appointments Committee and a performance assessment is proposed to the Board. Achievement of targets therefore has an impact on the percentage of variable compensation awarded.

The Board of Directors may amend the performance assessment in the case of exceptional events, based on the opinion and recommendation of the Compensation and Appointments Committee.

For the 2020 financial year, the variable compensation of executive corporate officers will be determined according to the following criteria and weighting rules:

Performance criteria	**M. Frédéric CREN** **The chairman and CEO**	
	Description	**Weight**
1. Quantitative	Achievement of a target cash level at December 31, 2020	60%
2. Qualitative	Development: (i) Results of the Native clinical trial and Phase III launching, and (ii) development plan for the MPS program. Organization: Implementation of an organization according to the results of the Native clinical trial.	20% 20%

Criteria	**M. Pierre Broqua** **Deputy CEO**	
	Description	**Weight**
1. Quantitative	Achievement of a target cash level at December 31, 2020	20%
2. Qualitative	Development: (i) Results of the Native clinical trial and Phase III launching, and (ii) development plan for the MPS program. Research: Selection of a clinical candidate and a back-up Organization: Implementation of an organization according to the results of the Native clinical trial.	30% 30% 20%

Executive corporate officers are also eligible for the Company's incentive program, but they do not receive attendance-related fees as directors of the Company.

They are not entitled to severance pay (subject to the stipulations below on executive unemployment insurance under the heading "Benefits of all kinds" below) or to any supplemental pension plan other than retirement benefits enjoyed by employees.

Severance pay - term of office

Frédéric Cren and Pierre Broqua will neither receive nor are likely to be owed indemnities or benefits on leaving the Company or changing roles within the Company.

Frédéric Cren and Pierre Broqua are not bound by any non-compete clauses on leaving the Company.

Refer to section B.1.2 of this Annual Financial Report, for the term of their respective mandates as executive directors.

The Chairman - Chief Executive Officer and the Deputy CEO may be dismissed at any time by the Board of Directors, the second being on the proposal of the Chairman - Chief Executive Officer.

Since his appointment as Deputy CEO, Pierre Broqua's employment contract has been suspended by decision of the Board of Directors. The revocation of his mandate does not lead to the termination of his employment contract which may occur under the conditions of common law (duration of notice and reasons for).

Benefits in kind

Executive corporate officers receive the following benefits in kind:

- Frédéric Cren: executive unemployment insurance, rental of Company accommodation in Dijon, and loan of a Company vehicle.
- Pierre Broqua: executive unemployment insurance, rental of Company accommodation in Dijon, and loan of a Company vehicle.

Supplementary pension plan

Frédéric Cren and Pierre Broqua are not entitled to any supplementary pension plan (i.e. defined contribution pension plan). They are entitled to retirement benefits paid by the Company at the time of retirement (defined benefit pension plan). For the years 2018 and 2019, the contributions made amounted to €10,217 and €29,688 for Frédéric Cren and €12,568 and €15,359 for Pierre Broqua respectively.

The table below summarizes, for each executive corporate officer, the components of compensation and benefits of all kinds referred to in Articles L. 225-37-2 and R. 225-29-1 of the French Commercial Code.

5.1.2.1 Compensation policy for the Chairman and Chief Executive Officer

Components of compensation for 2020	**Frédéric Cren** **Chairman and Chief Executive Officer**
Directors' fees	None
Annual fixed compensation	€254,655, payable monthly in thirteen installments equal to a gross monthly amount of €19,589. Half of the thirteenth installment will be paid with the June salary and the balance with the December salary.
Annual variable compensation	50% of annual fixed compensation for 2019 (excluding benefits in kind) if 100% of the 2020 Targets are achieved, i.e., €127,328. Variable compensation is determined each year based on the achievement of targets set at the beginning of the year by the Board of Directors in view of Compensation and Appointments Committee recommendations. The

Components of compensation for 2020	Frédéric Cren Chairman and Chief Executive Officer
	performance criteria, which are qualitative in nature, are related to product development, clinical studies results, regulatory approval for certain products, as well as the marketing strategy and financial visibility. The expected level of performance for each qualitative criterion was set by the Board of Directors on January 24, 2020 but was not made public for reasons of confidentiality.
Multiannual variable compensation	N/A (however, see reference to the incentive plan under the heading *Any other compensation due in respect of executive corporate office* below)
Stock options	N/A
Bonus shares	N/A
Exceptional compensation	N/A
Compensation, benefits or other payments owed or likely to be owed upon taking up office	N/A
Compensation, benefits or other payments owed or likely to be owed upon or after termination or change of office, or defined benefit pension commitments	N/A (see executive unemployment insurance below under the heading *Benefits in kind*)
Non-compete benefits after termination of office	N/A
Any other compensation due in respect of executive corporate office	Incentive program open to all employees and corporate officers of the Company for the period January 1, 2019 to December 31, 2021. The maximum amount payable in respect of 2020 is €2,500.
Benefits in kind	€23,531, corresponding to: - executive unemployment insurance; - Company car; - Company accommodation.
Variable or exceptional compensation awarded in respect of the year just ended, payment of which is subject to approval at the Ordinary General Meeting in accordance with Articles L. 225-37-2 or L. 225-82-2 of the French Commercial Code	N/A

5.1.2.2 Compensation policy for the Deputy CEO

Components of compensation for 2020	**Pierre Broqua** **Deputy CEO**
Directors' fees	None
Annual fixed compensation	€208,734, payable monthly in thirteen installments equal to a gross monthly amount of €16,056. Half of the thirteenth installment will be paid with the June compensation and the balance with the December compensation.
Annual variable compensation	40% of annual fixed compensation for 2020 (excluding benefits in kind) if 100% of the 2020 Targets are achieved, i.e., €83,497. Variable compensation is determined each year based on the achievement of targets set at the beginning of the year by the Board of Directors in view of Compensation and Appointments Committee recommendations. The performance criteria, which are qualitative in nature, are related to product development, clinical studies results, regulatory approval for certain products, as well as the marketing strategy and financial visibility. The expected level of performance for each qualitative criterion was set by the Board of Directors on January 24, 2020 but was not made public for reasons of confidentiality.
Multiannual variable compensation	N/A (however, see reference to the incentive plan under the heading *Any other compensation due in respect of executive corporate office* below)
Stock options	N/A
Bonus shares	N/A
Exceptional compensation	N/A
Compensation, benefits or other payments owed or likely to be owed upon taking up office	N/A
Compensation, benefits or other payments owed or likely to be owed upon or after termination or change of office, or defined benefit pension commitments	N/A (see executive unemployment insurance below under the heading *Benefits in kind*)
Non-compete benefits after termination of office	N/A

Components of compensation for 2020	Pierre Broqua Deputy CEO
Any other compensation due in respect of executive corporate office	Incentive program open to all employees and corporate officers of the Company for the period January 1, 2019 to December 31, 2021. The maximum amount payable in respect of 2020 is €2,500.
Benefits in kind	€22,141, corresponding to: - Executive unemployment insurance; - Company car; - Company accommodation.
Variable or exceptional compensation awarded in respect of the year just ended, payment of which is subject to approval at the Ordinary General Meeting in accordance with Articles L. 225-37-2 or L. 225-82-2 of the French Commercial Code	N/A

5.1.3 Remuneration policy for members of the Board of Directors

- *Decision process followed for its determination, review and implementation*

The amount of the annual envelope is granted by the General Meeting of shareholders, the latest decision being that of May 28, 2018 which fixed this amount at €250,000 as of the year 2018.

The rules for allocating this envelope among the directors are decided, revised and implemented by decision of the Board of Directors based on the recommendations of the Compensation and Appointment Committee.

- *Amount of remuneration for the participation of directors in the work of the Board of Directors and its Committees - Distribution rules*

In accordance with the rules adopted by the Board of Directors on March 9, 2020 on the basis of the recommendations of the Compensation and Appointment Committee, remuneration is calculated taking into account the physical presence (or by videoconference or telecommunication allowing to identify and guarantee their effective participation) of each member in the following manner:

(a) For the participation in at least the four-fifth meetings of the Board of Directors during the current financial year: a maximum of € 36,000 per year per member other than Frédéric Cren and Pierre Broqua, the latter do not receive any remuneration for this respect;

(b) For a participation of less than four-fifth meetings of the Board of Directors during the current financial year: in proportion to the presence of the administrator concerned, on the basis of a maximum amount of €36,000 per year per member corresponding to 100% attendance at meetings of the Board of Directors during the current financial year;

(c) For the chairmanship of a committee: a maximum of € 10,000 per year per member; and

(d) For the participation as a member of a committee (excluding the chairmanship): a maximum of €5,000 per year per member.

The amounts indicated in (c) and (d) correspond to a 100% attendance of the meetings of the committees of the Board during the current financial year and would be, in the event of absence, prorated to the actual presence of the director concerned.

- *Eligibility for remuneration*

The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer do not receive compensation as directors of the Company.

- *Term of office*

Refer to section B.1.2 of this Annual Financial Report, for the duration of the directors' mandates.

The directors of the Company may be dismissed under the conditions provided for by law.

5.2 Compensation paid or awarded to executive corporate officers for 2019

In accordance with Article L. 225-100 II et II of the French Commercial Code, the Annual Ordinary General Meeting approves:

(a) the fixed, variable and exceptional compensation and benefits paid or awarded for the previous period by separate resolution for the Chief Executive Officer and Deputy Chief Executive Officer respectively. Payment of all variable and exceptional compensation is subject to the express approval of the Annual General Meeting (specific *ex post* vote).

(b) information relating to the compensation of corporate officers mentioned in I of article L. 225-37-3 of the French Commercial Code (general *ex post* vote).

It is specified, concerning the executive corporate officers, Chairman and Chief Executive Officer or Deputy Chief Executive Officer, that since the 2017 financial year, the payment of variable and exceptional compensation elements is subject to the approval by the General Meeting of the compensation elements of the officer concerned. As of financial year 2020, the payment of elements of directors' remuneration for the current financial year (For example "attendance fees") is subject to the approval of a draft resolution relating to the information mentioned in I of Article L. 225-37-3 of the Commercial Code or, in the event of rejection, to the approval, at the following General Meeting, of a revised remuneration policy.

Therefore, the Ordinary Annual General Meeting called to approve the financial statements for the year ended December 31, 2019 in the context of specific ex post voting will be asked to approve the 2019 compensation policy for the Chief Executive Officer and Deputy Chief Executive Officer as set out below in 5.2.1 and, as part of the general ex post vote, to approve a draft resolution relating to the information mentioned in I of article L. 225-37-3 of the French Commercial Code, as it appears in 5.2 .2.

5.2.1 Compensation of executive corporate officers subject to the approval of the General Meeting in application of L. 225-100 III. of the Commercial Code (specific "ex post" vote)

5.2.1.1 Compensation awarded to the chairman and Chief Executive Officer for 2019

Components of compensation for 2019	**Frédéric Cren Chairman and Chief Executive Officer**
Director's fees	None
Annual fixed compensation	€242,528
Annual variable compensation	37.5% of annual fixed compensation (excluding benefits in kind) for 80.5% achievement of the 2019 targets, i.e., €90,948.
Multiannual variable compensation	N/A (however, see reference to the incentive plan under the heading *Any other compensation due in respect of executive corporate office* below)
Stock options	N/A
Bonus shares	N/A

Components of compensation for 2019	Frédéric Cren Chairman and Chief Executive Officer
Exceptional compensation	N/A
Compensation, benefits or other payments owed or likely to be owed upon taking up office	N/A
Compensation, benefits or other payments owed or likely to be owed upon or after termination or change of office, or defined benefit pension commitments	N/A (see executive unemployment insurance below under the heading *Benefits in kind*)
Non-compete benefits after termination of office	N/A
Any other compensation due in respect of executive corporate office	Incentive program: €500 due for 2019.
Benefits in kind	€24,003, corresponding to: - executive unemployment insurance; - Company car; - Company accommodation.
Variable or exceptional compensation awarded in respect of the year just ended, payment of which is subject to approval at the Ordinary General Meeting in accordance with Articles L. 225-37-2 or L. 225-82-2 of the French Commercial Code	N/A

5.2.1.2 Compensation awarded to the Deputy Chief Executive Officer for 2019

Components of compensation for 2019	Pierre Broqua Deputy Chief Executive Officer
Director's fees	None
Annual fixed compensation	€173,945
Annual variable compensation	33.67% of annual fixed compensation (excluding benefits in kind) for 82.5% achievement of the 2019 Targets, i.e., €58,583.
Multiannual variable compensation	N/A (however, see reference to the incentive plan under the heading *Any other compensation due in respect of executive corporate office* below)
Stock options	N/A
Bonus shares	N/A
Exceptional compensation	N/A

Components of compensation for 2019	Pierre Broqua Deputy Chief Executive Officer
Compensation, benefits or other payments owed or likely to be owed upon taking up office	N/A
Compensation, benefits or other payments owed or likely to be owed upon or after termination or change of office, or defined benefit pension commitments	N/A (see executive unemployment insurance below under the heading *Benefits in kind*)
Non-compete benefits after termination of office	N/A
Any other compensation due in respect of executive corporate office	Incentive program: €1,000 due for 2019.
Benefits in kind	€22,863, corresponding to: - executive unemployment insurance; - company car; - company accommodation.
Variable or exceptional compensation awarded in respect of the year just ended, payment of which is subject to approval at the Ordinary General Meeting in accordance with Articles L. 225-37-2 or L. 225-82-2 of the French Commercial Code	N/A

5.2.2 Information on the compensation of corporate officers subject to the approval of the General Meeting in application of L. 225-100 II. of the Commercial Code (general "ex post" vote)

For each corporate officer of the Company, all the information mentioned in article L.225-37-3 I of the Commercial Code relating to their remuneration for the 2019 financial year, presents in this section.

In accordance with the provisions of article L.225-100 II of the French Commercial Code, the shareholders of the Company will be invited to approve those informations within the framework of a resolution submitted to the General Meeting of May 28, 2020.

The information required by L.225-37-3 I of the Commercial Code relating to executive corporate officers is detailed in 5.2.2.1, that relating to directors is presented in 5.2.2.2. In accordance with this same article, the equity ratios between the compensation of executive directors and the average and median compensation of employees of the Company and the evolution of these ratios will then be presented, respectively in 5.2.2.3 and 5.2.2.4. with regard to changes in the performance of the Company, the compensation of corporate officers and the average compensation of employees of the Company.

5.2.2.1 Information on the individual compensation of executive corporate officers

The total compensation and benefits of all kinds paid to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for their mandate during the past financial year are presented in Tables n ° 1 and n ° 2 of the AMF classification appearing in section 5.3. which distinguish the fixed, variable and exceptional elements of this compensation.

The relative proportion of fixed and variable compensation in the total compensation due to executive directors during the 2019 financial year is approximately as follows:

(a) For the Chairman and CEO, the fixed compensation represents 65.9% and the variable compensation 25.0% of the total compensation due, and

(b) For the Deputy Chief Executive Officer, the fixed compensation represents 66.7% and the variable compensation 22.9% of the total compensation due.

In accordance with article L.225-37-3-I-8 ° of the French Commercial Code, it is specified that the compensation of each executive corporate officer of the Company for 2019 as presented in this report respects the Company's compensation policy and criteria adopted for the said financial year.

The contribution to the long-term performance of the Company is ensured by the permanent search for a balance between the interests of the Company including the performance of directors and the continuity of compensation practices. The determination of remuneration tends to enhance team loyalty and to value the work accomplished

Commitments made by the Company and corresponding to elements of remuneration, indemnities or benefits due or likely to be due to the taking up, termination or change of functions or after the exercise of these functions, are presented in Tables n ° 11 of the AMF nomenclature appearing in section 5.3.

5.2.2.2 Information on individual directors' remuneration

All of the compensation received by the directors for their mandate during the past financial year is presented in Table 3 of the AMF classification listed in 5.3.

If the Board of Directors were, following a change in its current composition, no longer to be composed in accordance with the first paragraph of article L. 225-18-1 of the Commercial Code, the payment of the remuneration of the directors for their participation in the work of the Board would be suspended. The payment would be reinstated when the composition of the Board of Directors becomes regular, including the backlog since the suspension.

5.2.2.3 Equity ratio between the executive compensation and the average and median compensation of the Company's employees

This presentation was made in accordance with the terms of law n ° 2019-486 of May 22, 2019 relating to the growth and transformation of companies, known as "PACTE", in order to immediately comply with the new transparency requirements in matters executive compensation.

It may evolve according to any subsequent details and official positions disseminated for the attention of companies.

The equity ratios presented below have been presented for each fiscal year since the Company's IPO :

- annual gross compensation, fixed and variable, paid during each financial year;
- the profit-sharing;
- share-based payment for their IFRS value;
- benefits in kind.

Equity ratio by fiscal year	2019	2018	2017
Frederic Cren - President and CEO			
Gross annual remuneration [(1)]	373,583	376,340	364,420
Ratio with average remuneration [(2)]	5.0	6.4	6.1
Ratio with median compensation [(2)]	7.4	8.7	8.5
Pierre Broqua - Deputy CEO			
Gross annual remuneration [(1)]	262,410	254,384	204,362
Ratio with average remuneration [(2)]	3.5	4.3	3.4
Ratio with median compensation [(2)]	5.2	5.9	4.7

[(1)] Refer to tables 1 and 2 in section 5.3 "Standardized compensation tables for managers and corporate officers".

[(2)] Calculated on a full-time equivalent basis:

- *The remuneration paid to full-time contract employees present during the year is taken into account at 100%;*
- *The remuneration paid to part-time employees contractually is converted to an annual full-time basis;*
- *The remuneration paid to employees who arrived or left during the financial year are not taken into account.*

Explanation of the variation ratios:

- The downward variation in ratios between 2019 and 2018 is mainly due to the impact of the AGA free share plans allocated to employees, excluding directors, of the Company in December 2018 and June 2019. The expense IFRS 2 for the year increased by €0.4 million between 2018 and 2019.
- The upward variation in ratios between 2018 and 2017 is mainly due to the increase in the compensation of directors, in particular the increase in variable compensation paid in 2018 in connection with a better achievement of annual targets and the initial public offering of the Company.

5.2.2.4 Comparative table of changes in the compensation of corporate officers, the performance of the Company, the average compensation of employees and equity ratios

The table below presents a comparison between the annual evolution of the compensation, the average compensation on a full-time equivalent basis of the employees of the Company, other than the directors, and the equity ratios as detailed in 5.2.2.3.

	2019 vs. 2018	2018 vs. 2017
Frederic Cren – Annual compensation evolution	**-1%**	**3%**
Evolution of the ratio based on average remuneration	-21%	4%
Evolution of the ratio based on median remuneration	-15%	3%
Pierre Broqua – Annual compensation evolution	**3%**	**24%**
Evolution of the ratio based on average remuneration	-18%	25%
Evolution of the ratio based on median remuneration	-11%	24%
Annual evolution of the average compensation of employees	**26%**	**-1%**

Given its activity, the Company believes there is no appropriate financial indicator to qualify its performance over the past three years.

Standardized tables of compensation for executives and corporate officers

In the interests of clarity and comparability of information relating to compensation, the compensation and benefits tables for 2018 and prior years are set forth below in accordance with the Middlenext Code and the AMF Position/Recommendation no. 2014-14 of December 2, 2014 and amended April 13, 2015.

Table no. 1: Summary of the compensation awarded to each executive corporate officer

Summary of compensation (in euros)	**2019**	**2018**
Frédéric Cren, Chairman and Chief Executive Officer		
Compensation owed for the year (detailed in Table no. 2)	368,020	375,840
Value of multiannual variable compensation awarded during the year	None	None
Value of share options awarded during the year	None	None
Value of bonus shares awarded	None	None
TOTAL	**368,020**	**375,840**
Pierre Broqua, Deputy Chief Executive Officer		
Compensation owed for the year (detailed in Table no. 2)	260,613	262,581
Value of multiannual variable compensation awarded during the year	None	None
Value of share options awarded during the year	None	None
Value of bonus shares awarded	None	None
TOTAL	**260,613**	**262,581**

Table no. 2: Summary of the compensation of each executive corporate officer

The following tables show the compensation owed to the executive corporate officers for the financial years ended December 31, 2018 and 2019 and the compensation actually received by those individuals during those same financial years.

Summary of the compensation of each executive corporate officer				
Frédéric Cren, CEO	**2019**		**2018**	
	Amounts owed (in euros)	**Amounts paid (in euros)**	**Amounts owed (in euros)**	**Amounts paid (in euros)**
Fixed compensation	242,528	242,528	242,528	242,528
Annual variable compensation	90,948	97,011	97,011	97,011
Paid annual leave	9,541	9,541	12,270	12,270
Multiannual variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Director fees	None	None	None	None
Incentive	1,000	500	500	1,000
Benefits in kind	24,003	24,003	23,531	23,531
Total	**368,020**	**373,583**	**375,840**	**376,340**
Pierre Broqua, Deputy Chief Executive Officer	**2019**		**2018**	
	Amounts owed (in euros)	**Amounts paid (in euros)**	**Amounts owed (in euros)**	**Amounts paid (in euros)**
Fixed compensation	173,945	173,945	173,945	173,945
Annual variable compensation	58,583	60,880	60,880	52,183
Paid annual leave	4,222	4,222	5,115	5,115
Multiannual variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Director fees	None	None	None	None
Incentive	1,000	500	500	1,000
Benefits in kind	22,863	22,863	22,141	22,141
Total	**260,613**	**262,410**	**262,581**	**254,384**
TOTAL EXECUTIVES	**628,633**	**635,993**	**638,421**	**630,724**

Table no. 3: Fees received (ex: attendance-related fees) by non-executive corporate officers

Non-executive corporate officers	Amounts paid in 2019	Amounts paid in 2018
Jean Louis Junien (2)	16,000	30,000
Karen Aïach (1)	n.a.	35,000
Cell +, represented by Annick Schwebig	43,000	40,000
Pienter Jan BVBA, represented by Crhis Buyse	54,000	45,000
Chris Newton (2)	19,000	35,000
Nanna Lüneborg (2)	n.a.	0
Sofinnova Partners, represented by Lucy Lu	31,000	15,000
Nawal Ouzren (3)	20,000	n.a.
Heinz Maeusli (3)	23,000	n.a.
Total	**206,000**	**200,000**

(1) Karen Aiach left the Board of Directors on November 25, 2018.
(2) The Annual General Meeting held on May 27, 2019 to approve the financial statements for the year ended December 31, 2018 noted the expiry of the directorships of Chris Newton, Nanna Lüneborg and Jean-Louis Junien.
(3) Nawal Ouzren and Heinz Mäusli was appointed to the Board of Directors by the Annual General Meeting on May 27, 2019. Their term of office will continue until the Annual General Meeting called to approve the financial statements for the year ending December 31, 2021.

Besides the directors' fees indicated in the table above, no other compensation was awarded to non-executive directors in 2019.

Table no. 4: Share warrants (BSAs) or company founder share warrants (BSPCEs) awarded to each non-executive corporate officer during the financial year ended December 31, 2019

None

Table no. 5: Share warrants (BSAs) or Company founder share warrants (BSPCEs) exercised by each executive corporate officer during the financial year ended December 31, 2019

None

Table no. 6: Bonus shares awarded to each corporate officer during the financial year ended December 31, 2019

None

Table no. 7: Bonus shares that have become available for each corporate officer during the financial year ended December 31, 2019

None

Table no. 8: BSA and BSPCE awards to executive and non-executive corporate officers

Information on BSA awards	
Plan	BSA 2017
Date of Annual General Meeting	May 29, 2017
Date of Board of Directors' meeting	May 29, 2017
Total number that could be subscribed	195,000
Number awarded to each of the following corporate officers:	
Jean-Louis Junien	75,000
Chris Newton	30,000
Pienter-Jan BVBA, represented by Chris Buyse	30,000
Karen Aiach	30,000
CELL+, represented by Annick Schwebig	30,000
Nanna Lüneborg	0
BSA exercise date(1)	May 29, 2018
Expiry date	May 29, 2027
Subscription or purchase price of BSAs	0.534
Share subscription or purchase price if BSAs are exercised	6.675
Methods of exercise (when the plan consists of several tranches)	The plan is divided into three tranches with one-, two- and three-year vesting periods.
Number of BSAs subscribed at December 31, 2018	195,000
Total number of BSAs canceled or lapsed(2)	55,000
Number of BSAs at year-end	140,000

(1) The BSAs are called "Bermuda" options that can be exercised after a vesting period of one, two or three years and during a limited period of nine, eight and seven years respectively.

(2) (i) 20,000 BSA share warrants have lapsed following Karen Aiach's resignation on November 25, 2018 (ii) 35,000 BSA share warrants have lapsed following the expiry of two directors' term of office noted by the Annual General Meeting on May 27, 2019.

Table no. 9: BSAs and BSPCEs awarded to the top ten non-executive employees and BSPCEs and BSAs exercised by them

BSPCEs/BSAs granted to the top ten non-executive employees and options exercised by them	Total number of BSPCEs granted/shares subscribed or purchased	Weighted average price	BSPCE 2013-1 2013 Plan[(1)]	BSPCE 2013-1 2015 Plan[(1)]
Options granted during the year by the Company to the ten Company employees receiving the greatest number of options (general information)	None	None	None	None
Options exercised during the year by the ten Company employees exercising the greatest number of options (general information)	250	65.44	46	204

(1) Following the division of the par value of the Company's shares decided by the Combined General Meeting of May 31, 2016, each BSPCE share warrant carries the right to subscribe for 100 new ordinary shares.

Table no. 10: History of bonus share awards to executive and non-executive corporate officers

None

Table no. 11: Table summarizing benefits or other payments granted to executive corporate officers

Executive corporate officers	Employment contract		Supplementary pension plan		Compensation or benefits owed or likely to be owed as a result of leaving the Company or changing roles within the Company		Compensation relating to a non-compete clause	
	yes	no	yes	no	yes	no	yes	no
Frédéric Cren Chairman and Chief Executive Officer Start of term of office: Board of Directors' meeting of May 31, 2016 End of term of office: end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2021		**X**[(1)]	**X**[(3)]			**X**[(4)]		**X**
Pierre Broqua Deputy Chief Executive Officer Start of term of office: Board of Directors' meeting of May 31, 2016 End of term of office: end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2021	**X**[(2)]		**X**[(3)]			**X**[(4)]		**X**

(1) On August 25, 2012, the Company entered into an executive contract with Frédéric Cren, starting on August 27, 2012 and for an indefinite duration, in order to set out the conditions under which he will carry out his duties as executive within the Company. The conclusion of this contract was authorized by the Compensation and Appointments Committee in its decision of August 25, 2012 and was submitted to the Annual General Meeting for approval on June 18, 2013.

(2) On July 18, 2012, the Company entered into an employment contract with Pierre Broqua, starting on August 27, 2012 and for an indefinite duration, in order to set out the conditions under which he will carry out his duties as CSO within the Company. The conclusion of this contract was ratified by the Compensation and Appointments Committee in its decision of August 25, 2012 and was submitted to the Annual General Meeting for approval on June 18, 2013. Following his appointment as Deputy Chief Executive Officer, Pierre Broqua's employment contract has been suspended since May 31, 2016 by decision of the Board of Directors.

(3) Frédéric Cren and Pierre Broqua are eligible for retirement benefits under the defined benefit pension plan set up within the Company, pursuant to which the Company's liability is limited to the payment of contributions. For the years 2018 and 2019, the contributions made amounted to €10,217 and €29,688 for Frédéric Cren and €12,568 and €15,359 for Pierre Broqua respectively.

(4) Frédéric Cren and Pierre Broqua will be covered by executive unemployment insurance for as long as they remain corporate officers.

6 Delegations of authority

The Combined General Meeting met on May 28, 2018 to decide what financial authorities would be delegated to the Board of Directors. The resolutions on the issuance of capital (i.e., resolutions 16 through 25) were renewed in advance at the Combined General Meeting of January 18, 2019, sitting in an extraordinary session.

The following resolutions of the Combined General Meeting of May 28, 2018 still apply: 26th resolution on the issue of bonus shares to members of paid staff and/or certain executives and 27th resolution on the award of Company share subscription and/or purchase options to corporate officers and Company employees. The maximum issue threshold for these two resolutions was however increased in line with the overall increase in the issue threshold for issues authorized by the Combined General Meeting of January 18, 2019.

The Combined General Meeting met on May 27, 2019 to decide what financial authorizations would be delegated to the Board of Directors. The following resolutions still apply: nineteenth resolution authorizing the issue of share warrants in favor of specific categories of persons; and twentieth resolution authorizing the issue of company founder share warrants in favor of Company executives and employees.

The following table summarizes the delegations of authority currently in effect:

Financial authorizations approved by the Combined General Meeting of January 18, 2019	*Resolution*	*Term of validity from January 18, 2019*	*Maximum nominal amount*	*Combined maximum nominal amount*	*Method of calculating the issue price*	*Use of delegation*
Delegation of authority to the Board of Directors to carry out capital increases with pre-emptive subscription rights through the issue of ordinary shares or transferable securities granting immediate or future access to ordinary shares issued by the Company, in compliance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code (particularly Articles L. 225-129-2, L. 225-132 through L. 225-134), and the provisions of Articles L. 228-91 *et seq.* of the French Commercial Code	First resolution	26 months	Capital increase: €180,000. Debt securities granting access to capital to be issued: €100,000,000	Capital increase: €180,000. Debt securities granting access to capital to be issued: €100,000,000		None
Delegation of authority to the Board of Directors to carry out capital increases with no pre-emptive subscription rights through the issue of ordinary shares or transferable securities granting immediate or future access to ordinary shares issued by the Company during public offerings, in compliance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code (particularly Articles L. 225-129-2, L. 225-135 and L. 225-136), and the provisions of Articles L. 228-91 *et seq*. of the French Commercial Code	Second resolution	26 months	Capital increase: €160,000. Debt securities granting access to capital to be issued: €100,000,000		Refer to (1) below	None

Financial authorizations approved by the Combined General Meeting of January 18, 2019	*Resolution*	*Term of validity from January 18, 2019*	*Maximum nominal amount*	*Combined maximum nominal amount*	*Method of calculating the issue price*	*Use of delegation*
Delegation of authority to the Board of Directors to carry out capital increases with no pre-emptive subscription rights through the issue of ordinary shares or transferable securities granting immediate or future access to ordinary shares issued by the Company, through private placements referred to in Article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*), in compliance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code (particularly Articles L. 225-129-2, L. 225-135 and L. 225-136), and the provisions of Articles L. 228-91 *et seq.* of the French Commercial Code	Third resolution	26 months	Capital increase: €160,000 and up to a limit of 20% of the share capital per year. Debt securities granting access to capital to be issued: €100,000,000		Refer to (1) below	None
Authorization for the Board of Directors to set the issue price for issues with no pre-emptive subscription rights through public offerings or private placements, in accordance with the terms and conditions set by the Annual General Meeting and up to a limit of 10% of the share capital, in compliance with the provisions of Article L. 225-136 of the French Commercial Code	Fourth resolution	26 months	10% of the share capital per 12-month period as from January 18, 2019		Refer to (2) below	None

Financial authorizations approved by the Combined General Meeting of January 18, 2019	*Resolution*	*Term of validity from January 18, 2019*	*Maximum nominal amount*	*Combined maximum nominal amount*	*Method of calculating the issue price*	*Use of delegation*
Delegation of authority to the Board of Directors to decide to issue ordinary shares or transferable securities granting immediate or future access to ordinary shares issued by the Company, with no pre-emptive subscription rights in favor of specific categories of beneficiaries[3], in compliance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code (particularly Articles L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-138, and L. 228-91 *et seq.* of the French Commercial Code)	Fifth resolution	18 months	Capital increase: €160,000 Debt securities granting access to capital to be issued: €100,000,000		Refer to (3) below	**Board of Directors' meeting of September 18, 2019** Issue of 4,159,999 shares **General Manager acting on powers delegated by the Board** Issue of 313,936 shares **Board of Directors' meeting of February 6, 2020** Issue of 3,778,338 shares
Authorization for the Board of Directors to increase the number of securities issued in the case of a capital increase with or without pre-emptive subscription rights, in compliance with the provisions of Articles L. 225-135-1 and	Sixth resolution	26 months (unless the authorization is used in connection with the fifth resolution, in which case it is valid for a	15% of the original issue		Same price as the original issue price	None

[3] The categories of beneficiaries must have one of the following characteristics: (i) natural or legal persons (including companies), trusts or investments funds or other investment schemes, whatever their form, established under French or foreign law, which regularly invest in the pharmaceutical sector, the biotechnology sector or in medical technology; and/or (ii) companies, organizations, institutions or entities, whatever their form, French or foreign, which primarily operate in the pharmaceutical, cosmetics or chemical industries or in research in these sectors; and/or (iii) French or foreign investment service providers or any foreign institution with an equivalent status, able to carry out a share issue intended for with the persons described in category (i) and/or (ii) above, and, to that extent, subscribe to the shares issued.

Financial authorizations approved by the Combined General Meeting of January 18, 2019	*Resolution*	*Term of validity from January 18, 2019*	*Maximum nominal amount*	*Combined maximum nominal amount*	*Method of calculating the issue price*	*Use of delegation*
R. 225-118 of the French Commercial Code		period of 18 months)				
Delegation of authority to the Board of Directors to carry out capital increases as part of a public exchange offering launched by the Company through the issue of ordinary shares or transferable securities granting immediate or future access to ordinary shares issued by the Company, in compliance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code (particularly Articles L. 225-129-2 and L. 225-148), and the provisions of Article L. 228-91 *et seq.* of the French Commercial Code	Seventh resolution	26 months	Capital increase: €160,000. Debt securities granting access to capital to be issued: €100,000,000			None
Delegation of authority to the Board of Directors to carry out capital increases of up to a maximum of 10% of the share capital in compensation for contributions in kind, except in the case of a public exchange offering launched by the Company, through the issue of ordinary shares or transferable securities granting immediate or future access to ordinary shares issued by the Company, in compliance with the provisions of	Eighth resolution	26 months	Capital increase: 10% of share capital. Debt securities granting access to capital to be issued: €100,000,000			None

Financial authorizations approved by the Combined General Meeting of January 18, 2019	***Resolution***	***Term of validity from January 18, 2019***	***Maximum nominal amount***	***Combined maximum nominal amount***	***Method of calculating the issue price***	***Use of delegation***
Articles L. 225-129 *et seq.* of the French Commercial Code (particularly Articles L. 225-129-2 and L. 225-147), and the provisions of Articles L. 228-91 *et seq.* of the French Commercial Code						
Delegation of authority to the Board of Directors to carry out capital increases by issuing ordinary shares or transferable securities granting immediate or future access to ordinary shares issued by the Company reserved for members of a Company employee savings plan implemented by the Company in accordance with Articles L. 3332-18 *et seq.* of the French Labor Code, with no pre-emptive subscription rights	Ninth resolution	26 months	Capital increase: €3,000		Refer to (4) below	None
Authorization for the Board of Directors to carry out capital increases by capitalizing reserves, profits or additional paid-in capital, in accordance with the provisions of Articles L. 225-129-2 and L. 225-130 of the French Commercial Code	Tenth resolution	26 months	Capital increase: €20,000			None

Financial authorizations approved by the Combined General Meeting of January 18, 2019	***Resolution***	***Term of validity from January 18, 2019***	***Maximum nominal amount***	***Combined maximum nominal amount***	***Method of calculating the issue price***	***Use of delegation***
Financial authorizations approved by the Combined General Meeting of May 28, 2018	***Resolution***	***Term of validity from May 28, 2018***	***Maximum nominal amount***	***Combined maximum nominal amount***	***Method of calculating the price***	***<u>Use of delegation</u>***
Authorization for the Board of Directors to freely award shares to members of paid staff and/or certain corporate officers, in compliance with the provisions of Articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code	Twenty-sixth resolution	38 months	Capital increase: 5% of the share capital on the date the Board of Directors decides to award the shares	Capital increase: €180,000[4]	N/A	**<u>Meeting of the Board of Directors of December 14, 2018</u>** Award of 265,700 AGA 2018-3 bonus shares[5] Board of Directors' meeting of June 28, 2019 Award of 37,500 AGA 2019-1 bonus shares[6] Award of 246,000 AGA 2019-2 bonus shares

[4] Global increase in the issue threshold, in accordance with the eleventh resolution submitted for approval at the Combined General Meeting of January 18, 2019.

[5] The award of AGA 2018-3 bonus shares shall only become final after a two-year vesting period, i.e., as of December 14, 2020.

[6] The award of AGA 2019-1 bonus shares shall only become final after a two-year vesting period, i.e., as of June 28, 2021.

Financial authorizations approved by the Combined General Meeting of January 18, 2019	*Resolution*	*Term of validity from January 18, 2019*	*Maximum nominal amount*	*Combined maximum nominal amount*	*Method of calculating the issue price*	*Use of delegation*
Authorization for the Board of Directors to grant Company share subscription and/or purchase options to corporate officers and employees of the Company or of Group companies, which entails the shareholders' waiver of their pre-emptive subscription rights to the shares issued when the options are exercised, in compliance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code	Twenty-seventh resolution	38 months	Capital increase: 5% of the share capital on the date the Board of Directors decides to award the shares		Refer to (5) below	None

Authorization approved by the Extraordinary General Meeting of May 27, 2019	*Resolution*	*Term*	*Maximum nominal amount*	*Combined maximum nominal amount*	*Method of calculating the issue price*	*Use of delegation*
Delegation of authority to the Board of Directors to decide to issue ordinary share warrants, with no pre-emptive subscription rights in favor of a specific category of persons[7], in compliance with the provisions of Articles L. 225-138, L. 225-129-2 and L. 228-91 *et seq.* of the French Commercial Code	Nineteenth resolution	18 months	600,000 ordinary stock warrants. Capital increase: €6,000		Refer to (6) below	Board of Directors' meeting of June 28, 2019 10,000 BSA warrants
Delegation of authority to the Board of Directors to decide to issue company founder stock warrants (BSPCEs), with no pre-emptive subscription rights in favor of employees or executives of the Company or of a company in which the Company holds at least 75% of the share capital or voting rights	Twentieth resolution	18 months	600,000 company founder stock warrants. Capital increase: €6,000		Refer to (7) below	None

(1) The issue price will be determined as follows: (i) the issue price of the shares issued under this resolution shall be at least equal to the minimum price authorized by laws and regulations in force (to date, the weighted average price over the last three trading days on the regulated Euronext Paris market before the capital increase subscription price is set, with the possible application of a discount of up to 5%), and (ii) the issue price of the transferable securities other than shares issued under this resolution will be such that the amount immediately received by the Company plus any amount that may be received by the Company at a later stage is, for each share issued as a result of the issue of these transferable securities, at least equal to the amount referred to in (i) above.

(2) The Combined General Meeting of January 18, 2019 delegated its authority to the Board of Directors to set the issue price of the securities in accordance with the following conditions: (a) the issue price of ordinary free shares shall be equal to either (i) the issue price of the volume-weighted average share price of the last trading day on the regulated Euronext Paris market before the issue price is set, or (ii) the issue price may not be less than the volume-weighted average price over any three consecutive trading days in the last 30-day trading period on the regulated Euronext Paris market before the issue price is set, with the possible application of a discount of up to 20%, the Board of Directors being free to use either of the two formulas mentioned above; and (b) the issue price of the transferable securities other than shares will be such that the amount immediately received by the Company plus any amount that may be received

[7] Intended categories: (i) management-grade staff, executive managers or members of the Company's management team who are not a corporate officer, or (ii) members of the Board of Directors (including members of all study committees or those with a mandate of board advisor) exercising his or her duties at the share warrant award date, who are not an executive within the Company or any of its subsidiaries, or (iii) consultants, executives or partners of the Company's service providers, who have signed a service or consultancy agreement with the Company that is active at the time of use of this delegation by the Board of Directors, or (iv) Company employees.

by the Company at a later stage is, for each share issued as a result of the issue of these transferable securities, at least equal to the amount referred to in (a) above.

(3) (a) the issue price of ordinary free shares shall be equal to either (i) the issue price of the volume-weighted average share price of the last trading day on the regulated Euronext Paris market before the issue price is set, or (ii) the issue price may not be less than the volume-weighted average price over any three consecutive trading days in the last 30-day trading period on the regulated Euronext Paris market before the issue price is set, with the possible application of a discount of up to 20%, the Board of Directors being free to use either of the two formulas mentioned above; and (b) the issue price of the transferable securities other than shares issued under this resolution will be such that the amount immediately received by the Company plus any amount that may be received by the Company at a later stage is, for each share issued as a result of the issue of these transferable securities, at least equal to the amount referred to in (i) above.

(4) The issue price or prices of new shares or transferable securities issued under this resolution shall be determined by the conditions set out in Article L. 3332-19 of the French Labor Code and with a discount of up to 20%. The General Meeting however expressly authorizes the Board of Directors to reduce the discount rate or not to approve a discount rate, primarily to comply with applicable regulations in the countries in which the offer is made.

(5) The exercise price of options granted under this resolution will be set by the Board of Directors in accordance with the following conditions: (i) the exercise price of ordinary share subscription options may not be lower than 80% of the average trading price of the Company's shares on the regulated Euronext Paris market over the 20 trading days prior to the day the options are granted, and (ii) the exercise price of share purchase options may not be lower than 80% of the average purchase price of the shares held by the Company in accordance with Article L. 225-208 of the French Commercial Code, or, if applicable, the share redemption program authorized by the 14th resolution submitted to the General Meeting of May 28, 2018 under Article L. 225-209 of the French Commercial Code or any share redemption program applicable before or after.

(6) The issue price of the 2019 BSAs will be determined by the Board of Directors on the day they are issued and in accordance with their characteristics, and shall be, in any case, at least equal to 8% of the market value of the Company's ordinary shares on the date the 2019 BSAs are awarded, market value being equal to the weighted average price over the last 20 trading days before the 2019 BSAs are awarded by the Board of Directors, provided that the Company's shares are admitted for trading on a regulated market or stock exchange.

(7) The subscription price is determined by the Board of Directors on the date the BSPCE 2019 stock warrants are awarded and, provided that the Company's shares are admitted for trading on a regulated market shall be at least equal to the highest of the following values: (i) the average weighted price over the last 20 trading days before the BSPCE 2019 stock warrants are awarded by the Board of Directors, or (ii) if one or several capital increases were carried out in less than six months before the Board of Directors' decision to award the BSPCE 2019 stock warrants, the subscription price of an ordinary share under the most recent of these capital increases, as calculated on the date each BSPCE 2019 stock warrant is awarded. It is specified that, to determine the subscription price of each ordinary share on exercise of a BSPCE 2019 stock warrant, the Board of Directors will not take into account any capital increases resulting from the exercise of company founder stock warrants, stock warrants, share subscription options or free shares.

C. Financial statements prepared in accordance with IFRS for the year ended December 31, 2019

1. Financial statements prepared in accordance with IFRS for the year ended December 31, 2019

Statement of financial position

(in thousands of euros)

	Notes	December 31, 2019	December 31, 2018
Intangible assets	4	1,228	1,543
Property, plant and equipment	5	3,721	4,261
Other non-current assets	6	3,135	2,374
Total non-current assets		**8,084**	**8,178**
Inventories	7	387	410
Trade receivables	8.1	4	6
Tax receivables	8.2	9,833	9,434
Other current assets	8.2	2,811	5,093
Cash and cash equivalents	9	35,840	56,692
Total current assets		**48,875**	**71,634**
Total assets		**56,960**	**79,812**
Share capital	10	268	223
Premiums related to share capital	10	86,012	77,460
Reserves		(14,670)	17,530
Net loss for the period		(30,218)	(33,617)
Total shareholders' equity		**41,392**	**61,596**
Long-term debt	11	2	74
Long-term provisions	12	574	358
Provisions for retirement benefit obligations	13	1,127	1,029
Long-term contract liabilities	15	-	1,673
Total non-current liabilities		**1,703**	**3,134**
Short-term debt	11	113	151
Short-term provisions	12	1,264	1,140
Trade payables	14.1	7,491	8,372
Short-term contract liabilities	15	-	548
Other current liabilities	14.2	4,998	4,871
Total current liabilities		**13,865**	**15,082**
Total equity and liabilities		**56,960**	**79,812**

Statement of income (loss)

(in thousands of euros)

	Notes	2019	2018
Revenue	17	**6,998**	**3,197**
Other income	17	4,293	4,853
Research and development costs	18	(33,791)	(31,638)
Marketing – Business development expenses	18	(249)	(225)
General and administrative expenses	18	(6,088)	(6,045)
Other operating income (expenses)	19	(1,475)	(3,395)
Operating loss		**(30,312)**	**(33,253)**
Financial income	20	175	142
Financial expenses	20	(81)	(253)
Financial income (loss)		**93**	**(111)**
Income tax	21	-	(253)
Net loss for the period		**(30,218)**	**(33,617)**
Basic/diluted loss per share (euros/share)	24	**(1.28)**	**(1.64)**
Weighted average number of shares outstanding used to calculate basic/diluted loss per share	24	23,519,897	20,540,979

Statement of comprehensive income (loss)

(in thousands of euros)

	2019	2018
Net loss for the period	**(30,218)**	**(33,617)**
Actuarial gains and losses on retirement benefit obligations (IAS 19)	(96)	31
Tax impact on items not recycled to income	-	-
Items not recycled to income	**(96)**	**31**
Changes in fair value	-	-
Tax impact on items recycled to income	-	-
Total comprehensive loss	**(30,315)**	**(33,586)**

Statement of cash flows

(in thousands of euros)

	Notes	2019	2018
Net loss for the period		**(30,218)**	**(33,617)**
Elimination of non-cash and non-operating income and expenses:			
Depreciation, amortization and provisions	4,5,12	1,579	2,316
Deferred and current taxes	21	-	253
Tax credits	8.2	(4,297)	(4,971)
Cost of net debt	11	(5)	5
Share-based compensation expense	18.1	1,407	833
Cash flows used in operations before tax, interest and changes in working capital		**(31,534)**	**(35,180)**
Decrease (increase) in receivables	8	1,780	(3,088)
Increase (decrease) in operating and other payables	14	(2,974)	4,817
Decrease in inventories	7	22	30
Tax credit received	8.2	3,897	-
Other		403	(785)
Tax, interest and changes in operating working capital		**3,130**	**974**
Net cash used in operating activities		**(28,404)**	**(34,207)**
Purchases of property, plant and equipment and intangible assets	4, 5	(136)	(549)
Disposals of property, plant and equipment and intangible assets		3	-
Net change in other non-current financial assets	6	(693)	129
Net cash used in investing activities		**(826)**	**(420)**
Capital increase	10	8,654	32,526
Repayment of debt	11	(146)	(259)
Repayment of lease liabilities	11	(130)	_
Net cash from financing activities		**8,378**	**32,267**
Net decrease in cash and cash equivalents		**(20,852)**	**(2,360)**
Cash and cash equivalents at beginning of period	9	56,692	59,051
Cash and cash equivalents at end of period	9	35,840	56,692

Statement of changes in shareholders' equity

(in thousands of euros)

	Notes	Share capital	Premiums related to share capital	Net income (loss) for the period	Reserves	Shareholders' equity
January 1, 2018		**164**	**44,992**	**(19,083)**	**35,821**	**61,895**
Net income (loss) for the period		-	-	(33,617)	-	(33,617)
Actuarial gains and losses net of deferred tax		-	-	-	31	31
Changes in fair value net of deferred tax		-	-	-	-	-
Total comprehensive income (loss)		**-**	**-**	**(33,617)**	**31**	**(33,586)**
Appropriation of 2017 net loss		-	-	19,083	(19,083)	-
Issue of ordinary shares	10.1	56	35,441	-	-	35,497
Transaction costs	10.1	-	(3,079)	-	-	(3,079)
Exercise of BSAs/BSPCEs and AGAs	10.3,10.4	2	106		(1)	108
Share-based compensation expense		-	-	-	833	833
Treasury shares	10.2	-	-	-	(72)	(72)
December 31, 2018		**223**	**77,460**	**(33,617)**	**17,530**	**61,596**
Net income (loss) for the period		-	-	(30,218)	-	(30,218)
Actuarial gains and losses net of deferred tax		-	-	-	(96)	(96)
Changes in fair value net of deferred tax		-	-	-	-	-
Total comprehensive income (loss)		**-**	**-**	**(30,218)**	**(96)**	**(30,315)**
Appropriation of 2018 net loss		-	-	33,617	(33,617)	-
Issue of ordinary shares	10.1	45	8,858	-	-	8,903
Transaction costs	10.1	-	(324)	-	-	(324)
Exercise of BSPCEs and AGAs	10.3,10.4	1	18	-	(1)	18
Share-based compensation expense		-	-	-	1,407	1,407
BSA share warrants subscription premium		-	-	-	57	57
Treasury shares[(1)]	10.2	-	-	-	50	50
December 31, 2019		**268**	**86,012**	**(30,218)**	**(14,670)**	**41,392**

[(1)] Treasury shares at December 31, 2019 amounted to €319 thousand compared to €369 thousand at December 31, 2018, or a decrease of €50 thousand.

Notes to the financial statements

1. Company information

1.1. Company information

Inventiva S.A. ("Inventiva" or the "Company") is a clinical-stage biopharmaceutical company focused on the development of oral small molecule therapies for the treatment of diseases with significant unmet medical need in the areas of fibrosis, lysosomal storage disorders and oncology.

The Company is developing its most advanced product candidate, lanifibranor, for the treatment of patients with non-alcoholic steatohepatitis, or NASH, a disease for which there are currently no approved therapies. The Company is currently conducting Phase IIb clinical trials of lanifibranor in patients with NASH and plans to report data in the first half of 2020.

The Company is also developing a second clinical-stage asset, odiparcil, for the treatment of patients with subtypes of mucopolysaccharidoses, or MPS. A Phase I/II clinical trial in children with MPS VI is being prepared following the positive results of the Phase IIa clinical trial carried out in adult patients with the same disease, published at the end of 2019.

The Company's pipeline is backed by a discovery engine with an extensive library of proprietary molecules, a wholly owned research and development facility and a team with significant expertise and experience in the development of compounds that target nuclear receptors, transcription factors and epigenetic modulation.

Using these assets and this expertise, it has built a discovery engine focused on small molecule compounds that target nuclear receptors, transcription factors and epigenetic modulation. It is leveraging this discovery engine to identify and develop compounds addressing a wide range of indications.

Other preclinical programs are also in development, notably for the treatment of certain autoimmune diseases in collaboration with AbbVie Inc. (AbbVie). AbbVie is currently evaluating ABBV-157, a drug candidate derived from the partnership with the Company for the treatment of moderate to severe psoriasis, in a clinical trial.

Inventiva's ordinary shares have been listed on the Euronext Paris regulated market since February 2017.

1.2. Significant events

Capital increase

Capital increase of €32.4 million by way of a private placement for a category of investors in April 2018

On April 17, 2018, Inventiva announced the successful completion of a capital increase without pre-emptive subscription rights for a category of beneficiaries.

Under the definitive terms of the capital increase which were set by the Board of Directors on March 12, 2018, a total of 5,572,500 new ordinary shares were issued at a per share price of €6.37 (par value of €0.01 plus an issue premium of €6.36), thereby enabling the Company to raise €32.4 million (net of transaction costs).

The settlement-delivery of the new shares took place on April 17, 2018 in a total gross amount of €35.5 million. The new shares were admitted to trading on Euronext Paris on the same date.

As part of the capital increase, the Company incurred transaction costs of €3.1 million in 2018, comprising compensation to financial intermediaries and legal and administrative fees. The costs are recognized as a deduction from additional paid-in capital within equity (see Note 10.1 "Share capital").

Capital increase of €8.2 million subscribed by leading US and European biotech investors in September 2019

On September 20, 2019, Inventiva successfully carried out a capital increase of €8.2 million subscribed by New Enterprise Associates (NEA), a leading US biotech investor, and by BVF Partners L.P. and Novo Holdings A/S, two of the Company's existing shareholders. The capital increase was executed at the closing price of September 18, 2019 without any discount. In addition, Sofinnova Partners, current Inventiva shareholder and board member, through Sofinnova Crossover I Fund, a leading European venture

capital firm specialized in life sciences, expressed an interest to acquire, as part of a future capital increase, up to additional 313,936 shares on similar terms, depending on the market conditions and in accordance with the corporate authorizations.

Gross proceeds from the transaction were €8.2 million, which were primarily used for the Company's research and development activities, including the development of its drug candidates, especially lanifibranor and odiparcil.

Following the settlement-delivery on September 20, 2019, Inventiva's share capital amounted to €265,321.76 divided into 26,532,176 shares. The new shares are fungible with the existing shares of the Company and have been admitted to trading on the regulated market of Euronext Paris.

As part of the capital increase, the Company incurred transaction costs of €0.3 million in 2019, comprising compensation to financial intermediaries and legal and administrative fees. The costs are recognized as a deduction from additional paid-in capital within equity (see Note 10.1 "Share capital").

Capital increase of €625,000 subscribed by Sofinnova Partners through Sofinnova Crossover I Fund in October 2019

On October 2, 2019, Inventiva carried out a capital increase of €625,000 subscribed by Sofinnova Partners, current Inventiva shareholder and board member, through Sofinnova Crossover I SLP, a leading European venture capital firm specialized in Life Sciences. The capital increase was performed on similar terms to the capital increase of €8.2 million described above. Gross proceeds from the transaction rounded off the proceeds from the capital increase of September 20, 2019, improving the financial horizon for the Company.

Following the settlement-delivery on October 2, 2019, Inventiva's share capital amounted to €268,461.12 divided into 26,846,112 shares. The new shares are fungible with the existing shares of the Company and have been admitted to trading on the regulated market of Euronext Paris.

As part of the capital increase, the Company incurred transaction costs of €12.0 thousand in 2019, comprising compensation to financial intermediaries and legal and administrative fees. The costs are recognized as a deduction from additional paid-in capital within equity (see Note 10.1 "Share capital").

Research partnership with AbbVie: €3.5 million milestone payment received in December 2019

In August 2012, the Company entered into a master research service agreement (MRSA) with AbbVie specifying the conditions under which the Company would perform services on behalf of AbbVie in accordance with statements of work agreed upon between the parties.

The MRSA was signed concurrently in conjunction with the Asset Purchase Agreement (APA) between Abbott and the Company.

However:

- they are the subject of two separate agreements;
- they have been signed with two legally separate counterparties (Abbott and AbbVie); and
- 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.

The research term of the AbbVie Collaboration with respect to the RORγ program was initially five years, and was extended in August 2017. As of April 2019, the Company no longer provides research services under the RORγ program or the AbbVie Partnership, but remains eligible for milestone payments and royalties in the event of a product being marketed.

At December 31, 2019, the Company had received €16.3 million in research funding and €8 million in milestone payments, including a €3.5 million milestone payment in December 2019 following the enrollment of the first patient with psoriasis in the ongoing clinical trial of ABBV-157.

For the year ended December 31, 2019, the AbbVie collaboration generated €3.6 million of revenue, or 51.4% of the Company's revenue, compared to €0.9 million, or 26.8% of the Company's revenue, for the year ended December 31, 2018.

Research and development partnership with Boehringer Ingelheim: decision to end the collaboration in November 2019

In May 2016, the Company and Boehringer Ingelheim (BI) entered into a license agreement and a multi-year Research and License Agreement (the "BI Partnership"). This agreement aimed to apply Inventiva's technology and expertise in developing new treatments for idiopathic pulmonary fibrosis (IPF), a chronic fibrotic disease characterized by a progressive decline in lung function, and for other fibrosis diseases. For internal reasons regarding prioritization in its product portfolio, BI informed Inventiva of its decision to end its collaboration on IPF with the Company as of November 12, 2019. Following this decision, all intellectual property, molecules and data from this collaboration will belong to Inventiva. The Company is reviewing the research program to decide on the most appropriate option for the future, including continuing to develop it internally or through a partnership with another recognized player in the field.

As the sums received from BI under the partnership agreement are definitively earned, the termination of the contract has no impact on the Company's cash for 2019. Moreover, the decision has no impact on the Company's cash flow projections, since no milestone payment from this partnership is included for 2020 or the subsequent years.

The revenue from the agreement with BI recognized during 2018 in an amount of €1.0 million corresponds to the following:

- Compensation for FTEs: Revenue of €0.8 million, corresponding to compensation for FTEs assigned to the research program for the year.
- Milestone payment: €0.2 million of this amount was recognized in 2018 revenue based on the stage of completion of the BI Agreement.

The revenue from the agreement with BI recognized during 2019 in an amount of €2.6 million corresponds to the following:

- Compensation for FTEs: Revenue of €0.5 million, corresponding to compensation for FTEs assigned to the research program for the year.
- Reversal of contract liabilities recognized under IFRS 15 at December 31, 2018: €2.1 million corresponding mainly to the €2.5 million milestone payment received in September 2017, which was recognized on a percentage-of-completion basis.

The BI Partnership represented 36.9% of the Company's revenue for the year ended December 31, 2019 and 31.8% of its revenue for the year ended December 31, 2018.

New bonus share award plans ("AGA") in 2018 and 2019

As a reminder, in 2018, the Company's Board of Directors approved two AGA free share award plans for certain Company employees:

- 10,000 AGA bonus shares (AGA 2018-1), fully vested on January 26, 2019; and
- 65,700 bonus shares (AGA 2018-2), of which 2,400 lapsed in 2019 following an employee departure and 63,300 vested from January 26, 2020 (see note 26 "Events after the reporting date").

These plans have the same characteristics as those approved by the Company's Board of Directors on April 18, 2019:

- a one-year vesting period for AGA 2018-1 shares (until January 26, 2019);
- a two-year vesting period for AGA 2018-2 shares (until January 26, 2020);
- a one-year lock-up period;
- a service condition; and

- no performance conditions.

The fair value of Inventiva bonus shares corresponds to the Company's share price. At the award date, the fair value for AGA 2018-1 and AGA 2018-2 bonus shares was estimated at €5.54.

On December 14, 2018, the Company's Board of Directors approved a third AGA bonus share award plan comprising 265,700 bonus shares (AGA 2018-3) for 88 Company employees, of which 38,450 lapsed in 2019 following employees departures.

The plan has the following characteristics:

- a two-year vesting period (until December 14, 2020);
- a one-year lock-up period;
- a service condition; and
- no performance conditions.

The fair value of Inventiva bonus shares corresponds to the Inventiva share price. At the award date, the fair value for AGA 2018-3 bonus shares was estimated at €6.05.

On June 28, 2019, the Company's Board of Directors approved two AGA bonus share award plans:

- 37,500 bonus shares (AGA 2019-1) to six new employees;
- 246,000 bonus shares (AGA 2019-2) to 81 new employees, of which 18,000 lapsed in 2019 following employees departures.

The plans have the following characteristics:

- a two-year vesting period for AGA 2019-1 shares (until June 28, 2021);
- a one-year vesting period for AGA 2019-2 shares (until June 28, 2020);
- a one-year lock-up period;
- a service condition; and
- no performance conditions.

The fair value of Inventiva bonus shares corresponds to the Inventiva share price. At the award date, the fair value of each AGA 2019-1 and AGA 2019-2 bonus share was estimated at €1.92.

Movements in awarded AGA bonus shares as well as the accounting impact of share-based payments are described in Note 10.4 "*Bonus shares award*".

New share warrant plans ("BSA") in 2018 and 2019

It should be noted that on December 14, 2018, the Company's Board of Directors granted 126,000 share warrants (BSA 2018) to Company advisers or their partners as follows:

- 36,000 share warrants to David Nikodem;
- 10,000 share warrants to JPG Healthcare LLC, lapsed in December 2019 after expiration of the exercise period; and
- 80,000 share warrants to ISLS Consulting, a company owned by Jean-Louis Junien, a director of the Company (mandate ended in May 2019).

BSA 2018 share warrants are share subscription options with no performance conditions attached. The plan concerns three beneficiaries. For two of these, it comprises tranches with vesting periods of between one and three years, and for the third beneficiary, the BSA warrants fully vested on November 8, 2019. Once they vest, the share warrants may be exercised through December 14, 2028.

The fair value of BSA 2018 share warrants is estimated at €1.98.

On June 28, 2019, the Company's Board of Directors granted 10,000 BSAs (BSA 2019), at a subscription price of €0.18 each, to David Nikodem, partner of Sapidus Consulting Group LLC, a service provider of Inventiva.

BSA 2019 share warrants are share subscription options with no performance conditions attached. The plan provides for an exercise period beginning on the date of the first anniversary of the warrants' issue, i.e., June 28, 2020, and expiring on the date of the tenth anniversary of their issue, i.e., June 28, 2029.

On June 28, 2019, 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 June 28, 2019;
- volatility observed in a sample of comparable listed companies;
- economic life of 5.5 years (middle of exercise period).

At the award date, the fair value of each BSA 2019 share warrant was estimated at €0.48.

Movements in granted BSA share warrants as well as the accounting impact of share-based payments are described in Note 10.3 "*Share warrants*".

Tax audit

End-2019, the Company has been audited by the French tax authorities with respect to payroll taxes for the years 2016, 2017 and 2018. In December 2019, the Company received a proposed tax adjustment for 2016, 2017 and 2018 amounting to €1.7 million (including penalties and late payment interest). A provision for the full amount of the risk for 2016 and 2017 was recorded at December 31, 2018. This proposed measure gives rise to a potential adjustment of €0.5 million (including penalties and late payment interest) for 2018, which the Company is challenging under the ongoing contentious procedure. Consequently, no provision was recorded at December 31, 2019 as the Company assess probable the application of the administrative tolerance for its situation, the subsidy received under the APA having ended in August 2017.

At the date of approval of these financial statements, the dispute procedures related to the tax audit in respect of the period from January 1, 2013 to December 31, 2015 are still ongoing with French tax authorities.

A description of the audits performed and their impacts on the financial statements is provided in Note 12 "Provisions".

Surety provided to the French tax authorities

On February 1, 2019, as part of its request for a stay of payment on the CIR research tax credits and payroll taxes, the Company offered the French tax authorities a surety in the form of a €3.4 million bank guarantee with Crédit Agricole bank.

As part of the process of setting up the surety, a pledge over cash, equivalent to 50% of the sum not covered by the indemnity to be received from the Abbott group under the Additional Agreement (€2 million; see Note 12 "Provisions"), i.e., €0.7 million, recorded in the first half of 2019 in "Other non-current assets". Should the dispute to which the surety pertains remain unresolved at June 30, 2020, or should any disputed sums remain outstanding, the Company has undertaken to provide an additional surety of €1.0 million.

2017 research tax credit payment ("CIR") received in September 2019

At end-September 2019, the Company received payment of 81% of the total amount of the 2017 research tax credit, i.e., €3.6 million, out of the €4.5 million requested.

At the date of approval of these financial statements, the Company is contesting the rationale for the 19% withheld from the 2017 CIR, in the amount of €0.9 million, and called upon the tax conciliator to challenge the audit procedure on February 2020.

The Company estimates its maximum risk linked to the payment of the 2017 CIR at €0.2 million, and this amount was covered by a provision recorded in the financial statements for the year ended December 31, 2019 (see Note 12 "Provisions").

Approval and implementation of a redundancy plan

Following the termination of the systemic sclerosis (SSc) program in February 2019 due to the failure to meet the primary endpoint of the FASST Phase IIb clinical study, the Company implemented a redundancy plan in the second quarter, which was subject to a company agreement signed on June 11, 2019; combined

with the non-renewal of fixed-term contracts, the Company's total workforce was reduced from 113 employees at December 31, 2018 to 88 at December 31, 2019.

Following the signing of the company agreement and its implementation, the Company recorded an expense in a total amount of €1.1 million representing the costs incurred by Inventiva over the period. This expense is reflected on the "Other operating expenses" line in the income statement (see Note 19 "Other operating income (expenses)") and a residual accrued expense of 0.1 million of euros is accounted for as at December 31, 2019.

2. 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, 2018, and December 31, 2019. They were approved by the Company's Board of Directors on March 9, 2020.

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 (IFRS IC).

Standards, amendments to existing standards and interpretations published by the International Accounting Standards Board (IASB) whose application has been mandatory since January 1, 2019

- IFRS 16 – Leases replaces IAS 17 – Leases for periods beginning on or after January 1, 2019. It sets out the principles for the recognition and measurement of leases as well as the disclosures to be provided in the notes 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, and (ii) depreciation of lease assets separately from interest on lease liabilities in the income statement. The standard nonetheless provides for exemptions for short-term leases with a term of 12 months or less and leases of low-value assets. At December 31, 2019, the Company only leased the following assets: a nitrogen tank, several photocopiers, two vehicles, 12 fibroscan machines and an office in Paris.

  The detailed impacts of first-time adoption of this standard are presented in Note 2.1 "Impact of the first-time adoption of IFRS 16".

- IFRIC 23 – Uncertainty over Income Tax Treatments, the provisions of which have no impact on the Company's financial statements.

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

No standards, amendments to existing standards or interpretations had been published but were not yet applicable as of December 31, 2019.

2.1. Impact of the first-time adoption of IFRS 16

IFRS 16 – Leases has been mandatory since January 1, 2019. In accordance with the standard, the Company recognizes:

- an asset, representing its right to use the leased asset during the lease term (right-of-use asset);
- a liability, representing the value of the outstanding lease payments (lease liability).

For the first-time adoption of IFRS 16, the Group used the simplified retrospective method by applying the practical expedients provided in the standard. Consequently and in accordance with IFRS 16, comparative data have not been restated.

At December 31, 2019, the Company only leased the following assets: a nitrogen tank, several photocopiers, two vehicles, 12 fibroscan machines and an office in Paris.

Following an analysis, the Company identified two types of leases that meet the IFRS 16 criteria and whose accounting treatment must be restated in accordance with the new standard: two vehicles and research equipment (10 fibroscan machines).

For each asset, the discount rate used to calculate the lease liability is determined based on the incremental borrowing rate at the date of signature of the lease. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate applied to leases at January 1, 2019 is 1.57%.

The Company has not restated its other leases because they are covered by the exemptions permitted under the standard (short-time leases and low-value leases). They include:

- leases that expire within 12 months of the date of first-time adoption (January 1, 2019);
- 12-month leases with automatic renewal, where it is not reasonably certain at the date of first-time application that the leases will be renewed;
- leases for which the underlying asset is less than €5,000.

Rental expenses for short-term and low-value leases continue to be recognized in operating expenses in the Company's income statement.

▶ **Impact on the Company's financial statements**

The impact of the first-time adoption of IFRS 16 at January 1, 2019 included a €0.2 million increase in debt and a €0.3 million increase in net property, plant and equipment (including the reclassification of a prepaid expense in the amount of €0.1 million).

The carrying amount of net property, plant and equipment and of debt at December 31, 2019 increased by €49 thousand and €37 thousand respectively.

In 2019, the net impact on the Company's income statement was €12 thousand.

3. Accounting policies and methods

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

3.1. Intangible assets

In accordance with IAS 38 – Intangible Assets, research costs are recognized in the statement of income (loss) 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 of completing the research program so that it will be available for use or sale;
- the intention to complete the program and use or sell it;
- its ability to use or sell the intangible asset;
- how the program 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;
- the library of compounds acquired within the scope of the APA together with all of the chemical components acquired subsequently, written down over a 13-year period corresponding to their estimated useful life.

3.2. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost.

Depreciation and amortization are calculated based on the estimated useful life of assets using the straight-line method. 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

3.3. Other non-current assets

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

3.4. Impairment of non-financial assets

IAS 36 – Impairment of Assets requires that depreciated and amortized assets 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.

3.5. 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 other operating income (loss).

3.6. Trade receivables

Trade receivables are measured at nominal value, which generally equate with the fair value of the consideration to be received, net of impairment where applicable.

3.7. Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits and other short-term highly liquid investments with maturities of three months or less and subject to an insignificant risk of changes in value.

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; and
- are subject to an insignificant risk of decrease in value.

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

3.8. Share capital

Ordinary shares are classified in shareholders' equity.

3.9. Share-based payments

At the Company's inception, 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 non-employees (*Bons de souscription d'actions*, **BSA** or BSA share warrants), and free share awards to employees (*Attribution gratuite d'actions*, **AGA** or AGA free share award). In 2019, two AGA free share award plans and one BSA share warrant plan were also allocated to certain employees and service providers of the Company. Details of these plans are provided in Note 10 *"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 or non-employee. The values of BSPCEs, BSAs and AGAs have been determined with the assistance of an independent expert using the methods described below.

Before the admission of the Company on the Euronext listing, the value of the share warrants has been determined 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.

Since the Company is a listed company, the value of the share warrants has been determined with the assistance of an independent expert using the Black & Scholes model based on the value of the underlying asset at grant date (stock price), the volatility observed in a sample of comparable listed companies and the economic life of the related share warrant.

The fair value of Inventiva AGA free shares corresponds to the Inventiva share price less a discount to reflect the lock-up period.

The measurement of the fair value of options incorporates the vesting conditions as described in Notes 1.2 “Significant events“, 10.3 “Share warrants“ and 10.4 “Bonus shares“.

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.

3.10. 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.

3.11. Trade 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.

3.12. 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.

CIR research tax credit

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.

Only those companies meeting the EU definition of a small- and medium-sized enterprise (SME) are eligible for prepayment of their research tax credits. Inventiva believes that it meets the EU definition of an SME and should therefore continue to be eligible for prepayment.

The research tax credit receivable is recorded in the “Tax receivables” line in the statement of financial position.

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.

3.13. 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 to the statement of income (loss).

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; and
- 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.

3.14. Other provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision should be recognized when: (i) the Company 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.

3.15. Revenue

Revenue is recognized in accordance with IFRS 15 – Revenue from Contracts with Customers, which is mandatorily applicable for reporting periods beginning on or after January 1, 2018.

In 2018 and 2019, Inventiva's revenue was generated mainly under its agreements with AbbVie and BI.

Collaboration agreements and licenses

The contracts are analyzed as research and development services contracts. Any licenses that result from the collaborations are therefore not deemed to be separate performance obligations.

The performance obligations contained in the contracts are deemed to be satisfied as and when the Company expends efforts (e.g., incurs costs or spends time).

In return for the efforts expended, the Company receives fixed payments (such as lump-sum payments) and variable payments (such as milestone payments or royalties on future product sales).

Fixed payments for R&D expenditure, which primarily consist of rebilled payroll expenditure, are recognized over time based on internal milestones (costs or hours).

Milestone payments obtained following the achievement of specific milestones (e.g., scientific results or regulatory or commercial approvals) are deemed to be variable payments and are included in the transaction price as soon as their receipt is highly probable, resulting in an upward revision of the contract price and a cumulative adjustment to income in the income statement.

Revenue from royalties corresponds to Inventiva's contractual entitlement to receive a percentage of the product sales achieved by its counterparties following the issue of a license. Royalties are recognized as and when they fall due, i.e., when sales are made.

Sale of services

The Company provides short-term research services to a range of customers and the related revenues are recognized as and when the work is performed.

3.16. Other income

CIR research tax credit

Inventiva has been eligible for research tax credits since inception (see Note 3.12 "Current and deferred tax" for additional details about the eligibility requirements for research tax credits).

The share of research tax credits used to finance research costs is recognized in "Other income" during the reporting period in which the eligible expenditure is incurred.

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 as other income for the period in which it becomes reasonably certain that they will be received.

3.17. Financial income and expenses

Financial income

Financial income includes:

- the "Income from cash and cash equivalents" line, which includes income from short-term investments remeasured at fair value at the end of each reporting period;
- foreign exchange gains;
- discounting gains; and
- other financial income.

Financial expenses

Financial expenses primarily include:

- interest cost;
- foreign exchange losses;
- discounting losses; and
- other financial expenses.

3.18. Other operating income (expenses)

Other operating income (expenses) are disclosed separately in the income statement. This line includes exceptional events over the period that could mislead users of financial statements in their understanding of the Company's performance if they were presented along with recurring income and expenses. Other operating income (expenses) include infrequent income and expenses for material amounts that the Company discloses separately on the face of the income statement to facilitate understanding of operating performance (see Note 19 "Other operating income (expenses").

Disposals of non-current assets

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

3.19. 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, 2019:

December 31, 2019 – *in thousands of euros*	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at fair value through profit or loss			
Monetary UCITS	-	-	-
Financial assets carried at amortized cost			
Long-term deposit accounts	792	-	-
Total assets	**792**	-	-
Liabilities	-	-	-
Total liabilities	-	-	-

The table below presents the financial assets and liabilities of the Company measured at fair value at December 31, 2018:

December 31, 2018 – *in thousands of euros*	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at fair value through profit or loss			
Monetary UCITS	-	-	-
Financial assets carried at amortized cost			
Long-term deposit accounts	108	-	-
Total assets	**108**	-	-
Liabilities	-	-	-
Total liabilities	-	-	-

3.20. 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.

3.21. 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.

3.22. Use of estimates and judgment

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.

Revenue

- *Allocation of transaction price to performance obligations* – The transaction price of a contract is allocated to each separate performance obligation and recognized in revenue when the performance obligation has been satisfied. In order to determine the appropriate revenue recognition method, the Company assesses whether or not the contract should be recognized as one or several separate performance obligations. This evaluation requires significant judgment; some of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

- *Variable consideration* – Given the nature of the work to be carried out within the scope of the Company's numerous performance obligations, estimating total revenue and cost upon completion is a complex task, subject to a range of variables and requiring a significant amount of judgment. It is common for the collaboration agreements to contain variable consideration that can increase the transaction price. Variability in the transaction price arises primarily due to milestone payments obtained following the achievement of specific milestones (e.g., scientific results or regulatory or commercial approvals). The Company includes the related amounts in the transaction price as soon as their receipt is highly probable. The increase in transaction price due to technical milestone payments is recognized on a cumulative basis as an adjustment to revenue.

- *Revenue recognized over time and method based on internal milestones* – The Company's performance obligations are satisfied either gradually as the work is performed, or at a specific time. For collaboration agreements, services are rendered over time and revenue is recognized based on stage of completion of the performance obligation using an internal milestone method, which most effectively reflects the transfer of control to customers. Based on the stage of completion method used by the Company, percentage of completion is measured by calculating the ratio of the number of days that have elapsed to the total estimated number of days needed to complete the performance obligation.

Provision for tax audit

The Company calculated the provision for the tax audits to which the Company has been subject 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 (see Note 12 "Provisions").

CIR research tax credit

The amount of the research tax credit is determined based on the Company's internal and external expenditure in the reporting period. Only eligible research costs may be included when calculating the research tax credit.

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.

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 13 "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.

4. Intangible assets

In thousands of euros	January 1, 2019	Acquisitions	Disposals	December 31, 2019
Library of compounds	2,142	-	-	2,142
Software	1,504	29	-	1,504
Intangible assets, gross	**3,645**	**29**	**-**	**3,674**
Amortization and impairment of library of compounds	(993)	(165)	-	(1,157)
Amortization and impairment of software	(1,110)	(179)	-	(1,289)
Amortization and impairment	**(2,103)**	**(343)**	**-**	**(2,446)**
Intangible assets, net	**1,543**	**(314)**	**-**	**1,228**

Changes during the period mainly correspond to amortization charges of €343 thousand.

In thousands of euros	January 1, 2018	Acquisitions	Disposals	December 31, 2018
Library of compounds	2,142	-	-	2,142
Software	1,398	106	-	1,504
Intangible assets, gross	**3,540**	**106**	**-**	**3,645**
Amortization and impairment of library of compounds	(828)	(165)	-	(993)
Amortization and impairment of software	(906)	(204)	-	(1,110)
Amortization and impairment	**(1,733)**	**(369)**	**-**	**(2,103)**
Intangible assets, net	**1,806**	**(264)**	**-**	**1,543**

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

5. Property, plant and equipment

In thousands of euros	January 1, 2019	Acquisitions	Disposals	Reclassifications	December 31, 2019
Land	172	-	-	-	172
Buildings	3,407	-	-	-	3,407
Technical facilities, equipment and tooling	4,677	74	(2)	-	4,748
Other property, plant and equipment	1,081	33	-	43	1,157
Property, plant and equipment in progress	43	-	-	(43)	-
Right-of-use assets[(1)]	252	-	-	-	252
Property, plant and equipment, gross	**9,632**	**107**	**(2)**	**-**	**9,736**
Depreciation and impairment of buildings	(1,346)	(196)	-	-	(1,542)
Depreciation and impairment of technical facilities, equipment and tooling	(2,999)	(398)	1	-	(3,396)
Depreciation and impairment of other property, plant and equipment	(774)	(100)	-	-	(874)
Amortization of right-of-use assets	-	(203)	-	-	(203)
Amortization and impairment	**(5,119)**	**(897)**	**1**	**-**	**(6,015)**
Property, plant and equipment, net	**4,513**	**(790)**	**(2)**	**-**	**3,721**

[(1)] At January 1, 2019, in application of IFRS 16 – Leases, an asset representing the right to use the leased assets (see Note 2.1 "Impact of the first-time application of IFRS 16").

Changes during the period mainly correspond to depreciation charges of €897 thousand.

In thousands of euros	January 1, 2018	Acquisitions	Disposals	Reclassifications	December 31, 2018
Land	172	-	-	-	172
Buildings	3,407	-	-	-	3,407
Technical facilities, equipment and tooling	4,267	334	-	75	4,677
Other property, plant and equipment	1,023	58	-	-	1,081
Property, plant and equipment in progress	67	51	-	(75)	43
Property, plant and equipment, gross	**8,937**	**443**	**-**	**-**	**9,380**
Depreciation and impairment of buildings	(1,144)	(202)	-	-	(1,346)
Depreciation and impairment of technical facilities, equipment and tooling	(2,608)	(391)	-	-	(2,999)
Depreciation and impairment of other property, plant and equipment	(668)	(105)	-	-	(774)
Depreciation and impairment	**(4,421)**	**(698)**	**-**	**-**	**(5,119)**
Property, plant and equipment, net	**4,516**	**(255)**	**-**	**-**	**4,261**

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

6. Other non-current assets

In thousands of euros	December 31, 2019	December 31, 2018
Non-current accrued income	2,000	1,932
Long-term deposit accounts	792	108
Security deposit	8	-
Tax loss carry back	333	333
Other non-current assets	**3,135**	**2,374**

Accrued non-current income is entirely attributable to the recognition of accrued income from the Abbott group following the tax audit of the 2013, 2014 and 2015 fiscal years (see Note 12 “Provisions”).

Long-term deposit accounts correspond to:

- a pledge over cash granted by the Company on February 1, 2019 in connection with the surety provided to the French tax authorities in the form of a €3.4 million bank guarantee with Crédit Agricole bank. The amount of the pledge is equal to 50% of the sum not covered by the indemnity to be received from the Abbott group under the Additional Agreement, i.e., €0.7 million (see Notes 1.2 "Significant events", 12 "Provisions" and 22 "Off-balance sheet commitments"); and
- the pledge of a gradual rate deposit account with a balance of €101 thousand as collateral for the €254 thousand loan from Société Générale agreed in July 2015.

The tax loss carry back corresponds to the tax credit resulting from the tax loss carry back recognized by the Company at December 31, 2017 and recoverable after five years if not used by the Company to pay income tax within that period.

7. Inventories

In thousands of euros	December 31, 2019	December 31, 2018
Laboratory inventories	421	443
Inventories write-down	(33)	(33)
Total inventories	**387**	**410**

The impairment presented in the financial statements for the year ended December 31, 2019 is unchanged; it reflects a write-down of €33 thousand recorded following the failure of a nitrogen tank that probably affected the quality of the cells it contained.

8. Trade receivables and other current assets and receivables

8.1. Trade receivables

Trade receivables break down as follows:

In thousands of euros	December 31, 2019	December 31, 2018
3 months or less	4	6
Between 3 and 6 months	-	-
Between 6 and 12 months	-	-
More than 12 months	-	-
Trade receivables	**4**	**6**

The average payment period is 30 days.

8.2. Other current assets

In thousands of euros	December 31, 2019	December 31, 2018
CIR research tax credit	9,818	9,158
CICE tax credit	-	264
Other	16	12
Tax receivables	**9,833**	**9,434**
Prepaid expenses	495	1,184
Sales tax receivables	1,416	3,034
Other miscellaneous receivables	900	874
Other receivables	**2,811**	**5,093**
Other current assets	**12,644**	**14,527**

Tax receivables in a total amount of €9,833 thousand correspond mainly to research tax credit receivables composed of the €4,293 thousand receivable for the current year and receivables from previous years not yet received (€4,171 thousand for 2018, €880 thousand for 2017 and €478 thousand in corrective claims). The research tax credit receivable relating to 2017 initially amounted to €4,513 thousand (corrective claim included), of which €3,633 thousand (i.e., 81%) was received in September 2019; the Company is currently disputing the residual amount of €880 thousand withheld by the tax authorities (see Notes 1.2 "Significant events" and 12 "Provisions").

In the course of 2020, Inventiva will request payment of the research tax credit due in respect of 2019 for an amount of €4.2 million under current EU guidelines on aid for SMEs.

The majority of prepaid expenses amounting to €495 thousand at December 31, 2019 correspond to IT maintenance costs, patent maintenance fees and insurance contributions paid in respect of first quarter 2020. At December 31, 2018, prepaid expenses also included rents relating to fibroscans and certain ad hoc scientific work billed in advance.

9. Cash and cash equivalents

In thousands of euros	December 31, 2019	December 31, 2018
UCITS and certificates of deposit	-	-
Other cash equivalents	14,003	41,767
Cash at bank and at hand	21,837	14,925
Cash and cash equivalents	**35,840**	**56,692**

Other cash equivalents include short-term bank deposit accounts at Crédit Agricole and Société Générale.

10. Shareholders' equity

10.1. Share capital

The share capital is set at €268 thousand at December 31, 2019 divided into 26,846,112 fully authorized, subscribed and paid-up shares with a nominal value of €0.01.

Changes in share capital during the years ended December 31, 2019 and 2018 are as follows:

In euros, apart from number of shares

Date	Nature of the transactions	Share capital	Premiums related to share capital	Number of shares	Nominal value
Balance at January 1, 2018		**164,445**	**44,991,815**	**16,444,447**	**0,01**

01/26/2018	Capital increase by issuance of ordinary shares – Exercise of 1,803 BSPCE by Company employees	1,803	106,384	180,300	0.01
04/17/2018	Capital increase by issuance of ordinary shares – Company's private placement	55,725	35,441,100	5,572,500	0.01
04/17/2018	Transaction costs related to the Company's private placement	-	(3,079,174)	-	-
04/18/2018	Capital increase by issuance of ordinary shares – Vesting of AGA by Company employees	600	-	60,000	0.01
Balance at December 31, 2018		**222,573**	**77,460,125**	**22,257,277**	**0.01**
01/23/2019	Capital increase by issuance of ordinary shares – Exercise of 274 BSPCE by Company employees	274	17,693	27,400	0.01
01/26/2019	Capital increase by issuance of ordinary shares – Vesting of AGAs by Company employees (AGA 2018-1)	100	-	10,000	0.01
Apr. 18, 2019	Capital increase by issuance of ordinary shares – Vesting of AGAs by Company employees (AGA 2017-1)	775	-	77,500	0.01
09/20/2019	Capital increase by issuance of ordinary shares – Company's private placement	41,600	8,236,798	4,159,999	0.01
09/20/2019	Transaction costs related to the Company's private placement	-	(312,294)	-	-
10/02/2019	Capital increase by issuance of ordinary shares – Company's private placement	3,139	621,593	313,936	0.01
10/02/2019	Transaction costs related to the Company's private placement	-	(12,023)	-	-
Balance at December 31, 2019		**268,461**	**86,011,893**	**26,846,112**	**0.01**

The main impacts on the share capital during the two periods presented relate to a private placement in 2019 (see Note 1.2 "Significant events").

Movements related to BSPCE and BSA share warrant plans and AGA free share award plans are described in Notes 10.3 "Share warrants" and 10.4 "Bonus shares award".

10.2. Liquidity agreement

On January 19, 2018, the Company entered into a new liquidity agreement with Kepler Cheuvreux, replacing the previous liquidity agreement with Oddo BHF, for a period of 12 months renewable by tacit agreement. Under the terms of the agreement, the investment services provider (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.

At the date these financial statements were approved, the liquidity agreement with Kepler Chevreux was extended for a new period of 12 months from January 1, 2020.

At December 31, 2019 and 2018, 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 period, were accounted for as a deduction from equity. Consequently, these transactions had no impact on the Company's results.

10.3. Share warrants

Share warrants correspond to:

- BSPCE founder share warrants granted to the Company's employees in 2013 and 2015;

- BSA share warrants granted to Company directors in 2017, with a subscription price set at €0.534; and
- BSA share warrants granted to Company service providers in 2018, with a subscription price set at €0.48.
- BSA share warrants granted in 2019 to David Nikodem, partner of Sapidus Consulting Group LLC, a service provider of Inventiva, with a subscription price set at €0.18.

BSPCE plans

At December 31, 2019, 8,800 BSPCE share warrants were outstanding. Each BSPCE share warrant corresponds to 100 shares. 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

Two BSA share warrant plans were outstanding at January 1, 2019: BSA 2017 and BSA 2018.

On May 29, 2017, the Company's Board of Directors granted 195,000 BSA share warrants ("BSA 2017") to Board members, of which 20,000 have been forfeited upon the departure of one member of the Board. 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; and
- 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.

On December 14, 2018, the Company's Board of Directors granted 126,000 BSA share warrants ("BSA 2018") to the Company's consultants or their partners, and on June 28, 2019, a new BSA 2019 plan was set up for David Nikodem, partner of Sapidus Consulting Group LLC, a service provider of Inventiva.

The 2018 and 2019 plans are set out in Note 1.2 "Significant events".

Movements in BSPCE and BSA share warrants in 2019 (in number of shares issuable)

Type	Grant date	Exercise price (in euros)	Outstanding at Jan. 1, 2019	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2019	Number of exercisable shares
BSPCE – 2013 plan	December 13, 2013	0.59	13,400	-	(4,600)	-	8,800	8,800
BSPCE – 2015 plan	May 25, 2015	0.67	22,800	-	(22,800)	-	-	-
Total BSPCE share warrants			**36,200**	**-**	**(27,400)**	**-**	**8,800**	**8,800**
BSA – 2017 plan	May 29, 2017	6.67	175,000	-	-	(35,000)	140,000	120,000
BSA – 2018 plan	December 14, 2018	6.067	126,000	-	-	(10,000)	116,000	38,667
BSA – 2019 plan	June 28, 2019	2.20	-	10,000	-	-	10,000	-
Total BSA share warrants			**301,000**	**10,000**	**-**	**(45,000)**	**266,000**	**158,667**

The change in BSPCE and BSA share warrants over 2019 can be broken down as follows:

- the exercise of 274 BSPCE share warrants by Company employees on January 23, 2019, whereupon 27,400 new shares were issued;
- the cancellation of 35,000 BSA 2017 share warrants allocated to two corporate officers, which were forfeited following the end of their offices at the Annual General Meeting of May 27, 2019;
- the cancellation of 10,000 BSA 2018 share warrants allocated to JPG Healthcare, which were forfeited; and
- the issue of 10,000 new 2019 BSAs allocated to David Nikodem, partner of a service provider of the Company.

At December 31, 2019, a total of 88 BSPCEs (or 8,800 shares) and 266,000 BSAs were outstanding.

Share-based payments totaled €227 thousand at December 31, 2019 (compared to €184 thousand at December 31, 2018) and were recognized in personnel costs (see Note 18.1 “Personnel costs and headcount“).

Movements in BSPCE and BSA share warrants in 2018 (in number of shares issuable)

Type	Grant date	Exercise price (in euros)	Outstanding at Jan. 1, 2018	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2018	Number of exercisable shares
BSPCE – 2015 plan	May 25, 2015	0.67	54,700	-	(31,900)	-	22,800	22,800
BSPCE – 2013 plan	December 13, 2013	0.59	161,800	-	(148,400)	-	13,400	13,400
Total BSPCE share warrants			**216,500**	**-**	**(180,300)**	**-**	**36,200**	**36,200**
BSA – 2017 plan	May 29, 2017	6.67	195,000	-	-	(20,000)	175,000	65,000
BSA – 2018 plan	December 14, 2018	6.067	-	126,000	-	-	126,000	-
Total BSA share warrants			**195,000**	**126,000**	**-**	**(20,000)**	**301,000**	**65,000**
			411,500	**126,000**	**(180,300)**	**(20,000)**	**337,200**	**101,200**

The change in BSPCE and BSA share warrants over 2018 can be broken down as follows:

- the exercise of 1,803 BSPCE share warrants by Company employees between January 5 and January 20, 2018, whereupon 180,300 new shares were issued;
- the cancellation of 20,000 BSA 2017 share warrants allocated to one of the corporate officers which were forfeited following their departure; and
- the issue of 126,000 new BSA 2018 share warrants allocated to three of the Company's external advisers.

10.4. Bonus shares award

AGA bonus share award plans

Four AGA bonus share award plans were outstanding at January 1, 2019: one AGA 2017 plan and three AGA 2018 plans.

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

- 92,300 bonus shares (AGA 2017-1), of which (i) 10,000 were not granted and (ii) 4,800 have been forfeited;
- 70,000 bonus shares (AGA 2017-2), of which (i) 10,000 were not granted and (ii) 60,000 vested from April 18, 2018.

The plans have the following characteristics:

- a two-year vesting period for AGA 2017-1 shares (until April 18, 2019);
- a one-year vesting period for AGA 2017-2 shares (until April 18, 2018);
- a one-year lock-up period;
- a service condition; and
- 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 January 26, 2018, the Company's Board of Directors decided to award two bonus share issue plans to certain Company employees; two new share issue plans were accordingly set up for the benefit of certain employees on June 26, 2019.

The plans allocated in 2018 and 2019 are described in Note 1.2 "Significant events".

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.

Movements in AGA free shares in 2019 (in number of shares issuable)

Type	Grant date	Reference price	Outstanding at Jan. 1, 2019	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2019	Number of exercisable shares
AGA – 2017-1 plan	April 18, 2017	7.35	77,500	-	(77,500)	-	-	-
AGA – 2018-1 plan	January 26, 2018	5.76	10,000	-	(10,000)	-	-	-
AGA – 2018-2 plan	January 26, 2018	5.76	65,700	-	-	(2,400)	63,300	-
AGA – 2018-3 plan	December 14, 2018	6.28	265,700	-	-	(38,450)	227,250	-
AGA – 2019-1 plan	June 28, 2019	2.00	-	37,500	-	-	37,500	-
AGA – 2019-2 plan	June 28, 2019	2.00	-	246,000	-	(18,000)	228,000	-
			418,900	**283,500**	**(87,500)**	**(58,850)**	**556,050**	**-**

The change in AGA free shares over the period can be broken down as follows:

- Two new share plans for Company employees involving a total of 283,500 potential new shares.
- Final allotment of 10,000 AGA 2018-1 bonus shares on January 26, 2019 and 77,500 AGA 2017-1 bonus shares on April 18, 2019. whereupon 87,500 new shares were issued.
- Cancellation of 58,850 AGA free shares which were forfeited during the period: 10,850 AGA 2018-3 warrants as part of the redundancy plan for the period, 2,400 AGA 2018-3 bonus shares refused by an employee, and 45,600 AGA bonus shares (of which 2,400 AGA 2018-2 bonus shares, 25,200 AGA 2018-3 bonus shares and 18,000 AGA 2019-2 bonus shares) as a result of voluntary departures.

At December 31, 2019, a total of 556,050 AGA free shares were outstanding. AGA 2019-1 free shares are exercisable from June 28, 2021 to no later than June 28, 2022, subject to continued employment. AGA 2019-2 free shares are exercisable from June 28, 2020 to no later than June 28, 2021, subject to continued employment.

AGA 2018-2 free shares are exercisable from January 26, 2020 to no later than January 26, 2021, subject to continued employment. AGA 2018-3 free shares can be exercised, on condition of employment, from December 14, 2020 and no later than December 14, 2021. Share-based payments totaled €1,180 thousand at December 31, 2019 (compared to €649 thousand at December 31, 2018) and were recognized in personnel costs (see Note 18.1 “Personnel costs and headcount“).

Movements in AGA free shares in 2018 (in number of shares issuable)

Type	Grant date	Reference price	Outstanding at Jan. 1, 2018	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2018	Number of exercisable shares
AGA – 2017-1 plan	April 18, 2017	7.35	79,900	-	-	(2,400)	77,500	-
AGA – 2017-2 plan	April 18, 2017	7.35	60,000	-	(60,000)	-	-	-
AGA – 2018-1 plan	January 26, 2018	5.76	-	10,000	-	-	10,000	-
AGA – 2018-2 plan	January 26, 2018	5.76	-	65,700	-	-	65,700	-
AGA – 2018-3 plan	December 14, 2018	6.28	-	265,700	-	-	265,700	-
			139,900	**341,400**	**(60,000)**	**(2,400)**	**418,900**	**-**

At December 31, 2018, a total of 418,900 free shares were outstanding.

11. Debt

In thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Bank borrowings	74	220
Other loans and similar borrowings[(1)]	3	5
Lease liabilities	37	-
Total debt	**114**	**225**

(1) *o/w accrued interest payable on borrowings*

The €111 thousand decrease in 2019 is mainly attributable to:

- at December 31, 2019, after repayment of borrowings due in 2019 in a total amount of €146 thousand, the debt relating to bank loans amounted to €74 thousand; and
- lease liabilities amounting to €37 thousand at December 31, 2019 were recognized from January 1, 2019 following the entry into force of IFRS 16 – Leases in an initial amount of €167 thousand (see Note 2.1.2 "Impact of the first-time application of IFRS 16" of this document for more details). In 2019, €130 thousand in repayments were recorded.

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

December 31, 2019 *In thousands of euros*	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Bank borrowings	74	-	-	-
Other loans and similar borrowings	3	-	-	-
Lease liabilities	35	2	-	-
Total debt	**113**	**2**	**-**	**-**

The maturity of long-term debt and of short-term borrowings and debt is determined according to repayment estimates as at December 31, 2019.

December 31, 2018 *In thousands of euros*	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Bank borrowings	146	74	-	-
Other loans and similar borrowings	5	-	-	-
Total debt	**151**	**74**	**-**	**-**

Change in the period is only due to repayments of borrowings and accrual of interests, as follows:

In thousands of euros	
January 1, 2018	**482**
Repayment of debt	(259)
Accrued interest	2
December 31, 2018	**225**
First-time application of IFRS 16[(1)]	167
January 1, 2019	**392**
Repayment of bank debt	(146)
Repayment of lease liabilities	(130)
Accrued interest	(2)
December 31, 2019	**114**

(1) *see Note 2.1 "Impact of the first-time application of IFRS 16".*

12. Provisions

In thousands of euros	December 31, 2018	Additions	Reversals	December 31, 2019
Long-term provisions	358	216	-	574
Short-term provisions	1,140	123	-	1,264
Total provisions	**1,498**	**339**	**-**	**1,837**

Provisions booked at December 31, 2019 and 2018 are linked to the following events:

- In July 2016, the French tax authorities carried out a tax audit of the 2013, 2014 and 2015 fiscal years, which resulted in it calling into question two items: payroll taxes and the CIR research tax credit.
- In September 2019, the authorities carried out another tax audit of the 2016, 2017 and 2018 fiscal years pertaining solely to payroll taxes (see Note 1.2 "Significant events").
- In December 2019, as a result of these audits, the tax authorities elected to retain part of the 2017 CIR research tax credit, which the Company is contesting (see Note 1.2 "Significant events").

- **Payroll taxes**

Year ended December 31, 2018

Following the tax audit carried out in July 2016 in respect of the 2013, 2014 and 2015 fiscal years, the Company received a proposed tax adjustment for the three fiscal periods audited relating to the

classification of the subsidy granted (subject to conditions) in 2012 by Laboratoire Fournier SA and Fournier Industrie et Santé (now part of the Abbott group) (LFSA and FIS) under the APA.

Despite the appeal to a higher administrative authority and the appeal to the departmental interlocutor initiated, a collection notice with respect to payroll taxes was received by Inventiva on August 17, 2018 for an amount of €1.9 million, including penalties and late payment interest.

Under the terms and conditions of an additional agreement modifying the APA (the Additional Agreement), LFSA and FIS agreed to indemnify the Company up to a maximum amount of €2.0 million in accordance with the conditions described therein, for any amount claimed by the French tax authorities in relation to the tax treatment of the subsidy paid by LFSA and FIS between 2012 and 2017 (the "Abbott Guarantee").

The Company lodged a claim together with an application for a suspension of payment on October 17, 2018 and, at December 31, 2018, continued to dispute the tax adjustment.

Based on the ongoing discussions with the French tax authorities on the one hand and the terms of the Additional Agreement on the other, the Abbott Guarantee may not be sufficient to fully cover the total amount of the tax adjustment and the tax risk.

Accordingly, at December 31, 2018:

- following receipt of the collection notice and in accordance with the Additional Agreement, accrued expenses and accrued income were recognized in a total amount of €1.9 million for the financial years ended December 31, 2013, 2014 and 2015, which are the subject of the audit and are covered by the Abbott Guarantee (see Notes 6 *"*Other non-current assets*"* and 14.2 *"*Other current liabilities*"*); and
- the Company has recognized a provision of €1.1 million for the years ended December 31, 2016 and December 31, 2017 (which have not been audited by the French tax authorities and for which the subsidies are still valid).

This had a €1.1 million impact on the income statement for the year ended December 31, 2018.

Year ended December 31, 2019

The application for suspension of payment lodged on October 17, 2018 was accepted on February 11, 2019 by the French tax authorities following the proposal by the Company to provide a surety in the form of a bank guarantee (see notes 1.2 "Significant events" and 22 "Commitments").

Following the tax audit carried out in 2019 of the Company's payroll taxes for fiscal years 2016, 2017 and 2018, the Company received a proposed tax adjustment of €1.7 million (including penalties and late payment interest) in December 2019. This proposed tax adjustment gives rise to a potential adjustment of €0.5 million (including penalties and late payment interest) for 2018, which the Company is challenging under the ongoing contradictory procedure.

Accordingly, at December 31, 2019:

- The provision for fiscal years 2016 and 2017 has been increased to €1.3 million (from €1.1 million at December 31, 2018), with the difference corresponding to additional late payment interest.
- No other provision has been booked for fiscal year 2018 following the proposed adjustment received in December 2019 as the Company assess probable the application of the administrative tolerance for its situation, the subsidy received under the APA having ended in August 2017.

This had a €0.1 million impact on the income statement for the year ended December 31, 2019.

Ongoing procedure

At the date of approval of these financial statements, the Company:

- had filed a claim on October 17, 2018 disputing the tax adjustments;

- had filed an application instituting proceedings before the Dijon Administrative Court (Tribunal Administratif de Dijon) on September 2, 2019, for which the Company had not yet received a response from the French tax authorities.
- was preparing its response to the proposed payroll tax adjustment received in December 2019 following the tax audit carried out in respect of the fiscal years 2016 to 2018.

- **CIR research tax credits**

CIR research tax credit for fiscal years 2013 to 2015 (covered by the tax audit)

Following the tax audit, for fiscal years 2013 to 2015, on August 1, 2017, the Company received a proposed tax adjustment from the French tax authorities disputing the manner in which some CIR items were calculated over the three fiscal periods audited.

Despite its appeals to the French tax authorities, Inventiva received a collection notice on August 17, 2018 for an amount of €1.9 million, including penalties and late payment interest.

The Company disputed the notice and implementation of the collection procedure pending interlocutory proceedings via a claim lodged on August 29, 2018. This was accompanied by an application for a suspension of payment and an additional claim lodged with the French tax authorities on January 7, 2019. The Company has requested a complete discharge of the amounts claimed in respect of the CIR.

At December 31, 2018, in view of ongoing discussions and the challenges lodged, the Company estimated the maximum risk in respect of the CIR research tax credit at €0.4 million and this amount was covered by a provision recorded in the financial statements.

This had a €0.1 million impact on the income statement for the year ended December 31, 2018 (reversal of part of the provision at December 31, 2017 following a more accurate assessment of the risk incurred).

At the date of approval of these financial statements, the Company was still awaiting a decision concerning the ongoing challenge procedures with the French tax authorities, and no additional provision was recorded in 2019.

The Company began mediation with the French tax authorities on January 7, 2020.

CIR research tax credit for fiscal year 2017

By the final quarter of 2019, the Company had received 81% of the 2017 CIR, in an amount of €3.6 million relative to the €4.5 million initially requested (see Note 1.2. “Significant events”). As of December 31, 2019, based on the ongoing discussions and the challenges lodged, the Company estimates the maximum risk in respect of the 2017 CIR at €0.2 million, fully recognized in the financial statements for the year ended December 31, 2019.

This had a €0.2 million impact on the income statement for the year ended December 31, 2019.

13. Provisions for retirement benefit obligations

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, 2019	Dec. 31, 2018
Retirement age	65 years	65 years
Payroll taxes	41.41%	41.41%
Salary growth rate	2%	2%
Discount rate	0.70%	1.60%
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 thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Retirement benefit obligations	1,127	1,029
Total obligation	**1,127**	**1,029**

Given the absence of plan assets at December 31, 2019 and December 31, 2018, the total amount of the provision corresponds to the estimated obligation at those dates.

Changes in the net provision

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

In thousands of euros	2019	2018
Provision at beginning of period	**(1,029)**	**(866)**
Expense for the period	(1)	(194)
Actuarial gains or losses recognized in other comprehensive income	(96)	31
Provision at end of period	**(1,127)**	**(1,029)**

Breakdown of expense recognized for the period

The expense recognized in the income statement amounted to €1 thousand for the year ended December 31, 2019 and €194 thousand for the year ended December 31, 2018 and breaks down as follows:

In thousands of euros	2019	2018
Service cost for the period	195	192
Interest cost for the period	16	11
Plan curtailments and modifications	(157)	-
Benefits for the period	(53)	(9)
Total	**1**	**194**

The decrease of charges during the period is mainly due to the reversal of provision related to the departure of employees as part of the redundancy plan. (see Note 1.2 “Significant events”).

Breakdown of actuarial gains and losses recognized in equity

The actuarial loss and gain can be analyzed as follows:

In thousands of euros	2019	2018
Demographic changes	(32)	14
Changes in actuarial assumptions	129	(45)
Total	**96**	**(31)**

Demographic differences mainly relate to salary adjustments and staff movements.

Changes in actuarial assumptions relate to a reduction in the discount rate in 2019 (from 1.60% in 2018 to 0.70% in 2019).

Sensitivity analysis

A 0.25% change in the discount rate would have had an impact of approximately 3.46% on the obligation amount in 2019 and around 3.48% in 2018.

December 31, 2019	*In thousands of euros*
Benefit obligation at December 31, 2019 at 0.45%	1,168
Benefit obligation at December 31, 2019 at 0.70%	1,127
Benefit obligation at December 31, 2019 at 0.95%	1,088

December 31, 2018	*In thousands of euros*
Benefit obligation at December 31, 2018 at 1.35%	1,067
Benefit obligation at December 31, 2018 at 1.60%	1,029
Benefit obligation at December 31, 2018 at 1.85%	994

14. Trade payables and other current liabilities

In thousands of euros	December 31, 2019	December 31, 2018
Trade payables	7,491	8,372
Other current liabilities	4,998	4,871
Trade payables and other current liabilities	**12,489**	**13,243**

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

14.1. Trade payables

Trade payables break down by payment date as follows:

In thousands of euros	December 31, 2019	December 31, 2018
Due in 30 days	7,414	7,966
Due in 30-60 days	77	406
Due in more than 60 days	-	-
Trade payables	**7,491**	**8,372**

14.2. Other current liabilities

In thousands of euros	December 31, 2019	December 31, 2018
Employee-related payables	1,124	1,095
Accrued payroll and other employee-related taxes	1,041	1,052
Sales tax payables	668	574
Other accrued taxes and employee-related expenses	177	172
Other miscellaneous payables	1,988	1,978
Other current liabilities	**4,998**	**4,871**

At December 31, 2019, other current liabilities mainly consist of "Other miscellaneous payables" as well as "Employee-related payables" and "Accrued payroll and other employee-related taxes".

Other miscellaneous payables correspond to an accrued expense to the French tax authorities recognized in 2018 following receipt of the collection notice with respect to payroll taxes (see Note 12 "Provisions").

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 the last quarter of the year.

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.

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.

15. Contract liabilities

	December 31, 2019			
Contract liabilities *In thousands of euros*	**BI**	**AbbVie**	**Enyo**	**Total**
Short-term contract liabilities	-	-	-	-
Long-term contract liabilities	-	-	-	-
Total contract liabilities	-	-	-	-
Revenue to be recognized[(1)]	-	-	-	-

(1) Revenue to be recognized corresponds to highly probable revenue to be recognized on existing contracts through to completion. Variable consideration (milestone payments and royalties) not considered as highly probable is not included.

All contracts having been terminated at December 31, 2019, contract liabilities were fully reversed over the period.

Since the Company upheld all its commitments under the collaboration with Boehringer Ingelheim, all the amounts recorded as "contract liabilities" at December 31, 2018, under IFRS 15 – Revenue from Contracts with Customers were reversed over the period, generating a positive impact of €2.1 million on IFRS revenue over the year under review.

Contract liabilities *In thousands of euros*	December 31, 2018 BI	AbbVie	Enyo	Total
Short-term contract liabilities	436	15	97	548
Long-term contract liabilities	1,673	-	-	1,673
Total contract liabilities	**2,109**	**15**	**97**	**2,221**
Revenue to be recognized[1]	**7,718**	**100**	**97**	**7,915**

[1]Revenue to be recognized corresponds to highly probably revenue to be recognized on existing contracts through to completion. Variable consideration (milestone payments and royalties) not considered as highly probably is not included.

At December 31, 2018, contract liabilities mainly relate to the "BI Agreement" and the option exercised in August 2017 which triggered a milestone payment of €2.5 million. This amount was included in the "BI Agreement" transaction price, resulting in an upward revision of the contract price. Based on the stage of completion of the Agreement, a total of €3.2 million was recognized in revenue at the reporting date, including €0.7 million relating to a milestone payment. Over the year, this represents revenue of €1 million, including €0.2 million for milestone payments.

The difference between payment received and revenue recognized (€1.8 million at December 31, 2018 and €2 million at December 31, 2017) was recorded in contract liabilities.

16. Financial assets and liabilities

In thousands of euros **Financial assets**	December 31, 2019 **Financial assets carried at amortized cost**	**Financial assets carried at fair value through profit or loss**	**Financial liabilities carried at amortized cost**	**Total**
Long-term deposit accounts	792	-	-	792
Security deposits	8	-	-	8
Non-current accrued income	2,000	-	-	2,000
Trade receivables	4	-	-	4
Other miscellaneous receivables	900	-	-	900
Cash and cash equivalents	35,840	-	-	35,840
Total	**39,545**	**-**	**-**	**39,545**
Financial liabilities				
Long-term debt[1]	-	-	2	2
Short-term debt[1]	-	-	113	113
Trade payables	-	-	7,491	7,491
Other miscellaneous payables	-	-	1,988	1,988
Total	**-**	**-**	**9,478**	**9,478**

[1] Lease liabilities relating to leased assets falling into the scope of IFRS 16 are included in debt as of December 31, 2019 (see Notes 2.1 "Impact of the first-time application of IFRS 16" and 11 "Debt").

In thousands of euros	December 31, 2018			
Financial assets	**Loans and receivables**	**Financial assets carried at fair value through profit or loss**	**Financial liabilities carried at amortized cost**	**Total**
Long-term deposit accounts	108	-	-	108
Non-current accrued income	1,932	-	-	1,932
Trade receivables	6	-	-	6
Other miscellaneous receivables	874	-	-	874
Cash and cash equivalents	56,692	-	-	56,692
Total	**59,612**	**-**	**-**	**59,612**
Financial liabilities				
Long-term debt	-	-	74	74
Short-term debt	-	-	151	151
Trade payables	-	-	8,372	8,372
Other miscellaneous payables	-	-	1,978	1,978
Total	**-**	**-**	**10,575**	**10,575**

17. Revenue and other income

In thousands of euros	2019	2018
Revenue	6,998	3,197
Revenue	**6,998**	**3,197**
CIR research tax credit	4,293	4,837
Subsidies	-	16
Other tax credits	0	0
Other income	**4,293**	**4,853**
Total revenue and other income	**11,291**	**8,050**

The Company's revenue is derived from its research and development agreements with AbbVie and BI and the provision of services.

In 2019, revenue amounted to €7.0 million and was mainly impacted by:

- the €3.5 million milestone payment from AbbVie in December 2019 following the enrollment of the first patient with psoriasis in the ongoing clinical trial of ABBV-157;
- the reversal of all contract liabilities recognized at December 31, 2018 following the termination of all contracts. The reversal amounted to €2.2 million over the year, including €2.1 million following BI's decision to terminate the partnership contract in September 2019 (see Notes 1.2 "Significant events" and 15 "Contract liabilities").

In 2018, revenue was mainly composed of fees received from AbbVie, BI and Enyo in return for research services rendered by the Company, no milestone payment having been received in 2018.

18. Operating expenses

2019 *In thousands of euros*	Research and development costs	Marketing – Business development expenses	General and administrative expenses	Total
Disposables	(1,560)	-	-	(1,560)
Energy and liquids	(505)	-	-	(505)
Patents	(506)	-	-	(506)
Studies	(19,353)	-	-	(19,353)
Maintenance	(933)	-	-	(933)
Fees	(239)	-	(987)	(1,226)
IT systems	(793)	(8)	(46)	(847)
Support costs (including taxes)	-	-	(568)	(568)
Personnel costs	(8,076)	(202)	(2,703)	(10,981)
Depreciation, amortization and provisions	(1,060)	-	(396)	(1,456)
Other operating expenses	(765)	(40)	(1,387)	(2,192)
Total operating expenses	**(33,791)**	**(249)**	**(6,088)**	**(40,128)**

2018	Research and development costs	Marketing – Business development expenses	General and administrative expenses	Total
Disposables	(2,210)	-	-	(2,210)
Energy and liquids	(504)	-	-	(504)
Patents	(401)	-	-	(401)
Studies	(17,351)	-	-	(17,351)
Maintenance	(934)	-	-	(934)
Fees	(98)	-	(1,431)	(1,530)
IT systems	(766)	(9)	(49)	(824)
Support costs (including taxes)	-	-	(584)	(584)
Personnel costs	(7,625)	(182)	(2,266)	(10,072)
Depreciation, amortization and provisions	(770)	-	(179)	(949)
Other operating expenses	(978)	(34)	(1,536)	(2,549)
Total operating expenses	**(31,638)**	**(225)**	**(6,045)**	**(37,908)**

18.1. Personnel costs and headcount

2019 *In thousands of euros*	Research and development costs	Marketing – Business development expenses	General and administrative expenses	Total
Wages, salaries and similar costs	(4,908)	(178)	(1,491)	(6,577)
Payroll taxes	(2,206)	(1)	(634)	(2,841)
Provisions for retirement benefit obligations	(95)	-	(61)	(156)
Share-based compensation expense	(868)	(22)	(517)	(1,407)
Total personnel costs	**(8,076)**	**(202)**	**(2,703)**	**(10,981)**

2018 *In thousands of euros*	Research and development costs	Marketing – Business development expenses	General and administrative expenses	Total
Wages, salaries and similar costs	(5,085)	(178)	(1,349)	(6,613)
Payroll taxes	(1,982)	(3)	(576)	(2,560)
CICE tax credit	103	-	20	124
Provisions for retirement benefit obligations	(145)	-	(45)	(190)
Share-based compensation expense	(516)	(1)	(316)	(833)
Total personnel costs	**(7,625)**	**(182)**	**(2,266)**	**(10,072)**

The Company had approximately 88 employees at December 31, 2019 compared with 113 employees at December 31, 2018.

19. Other operating income (expenses)

Other operating income and expenses break down as follows:

In thousands of euros	2019	2018
Accrued income from Abbott – payroll taxes	68	1,932
Total other operating income	**68**	**1,932**
Accrued expense to the French tax authorities – payroll taxes	-	(1,932)
Provision for tax risk – payroll taxes	(123)	(1,140)
Accrued restructuring expenses	(1,096)	-
Transaction costs	(323)	(2,221)
Inventories write-down	-	(33)
Total other operating expenses	**(1,542)**	**(5,327)**
Other operating income (expenses)	**(1,475)**	**(3,395)**

20. Financial income and expenses

In thousands of euros	2019	2018
Income from cash equivalents	157	120
Foreign exchange gains	18	21
Total financial income	**175**	**142**
Interest cost	(3)	(4)
Losses on cash equivalents	-	(202)
Foreign exchange losses	(62)	(36)
Other financial expenses	(16)	(11)
Total financial expenses	**(81)**	**(253)**
Net financial income (loss)	**93**	**(111)**

21. Income tax

The income tax rate applicable to the Company is the French corporate income tax rate of 31%.

In thousands of euros	2019	2018
Loss before tax	(30,218)	(33,364)
Theoretical tax rate	31%	33.33%
Tax benefit at theoretical rate	**9,368**	**11,120**
Tax credits	1,330	1,658
Permanent differences	(21)	867
Other differences	(404)	(269)
Unrecognized deferred tax assets relating to tax losses and other temporary differences	(10,272)	(13,630)
Actual income tax benefit (expense)	**-**	**(253)**
Of which: - current taxes	-	-
- deferred taxes	-	*(253)*
Effective tax rate	**-**	**-**

Tax credits mainly include the research tax credit, non-taxable income, classified in other operating income (see Note 17 “Revenue and other income”).

The Company recorded a tax loss in the years ended December 31, 2019 and 2018. As recovery of these tax losses in future periods was considered unlikely due to the uncertainty inherent to the Company’s activity, no deferred tax assets were recognized at December 31, 2019 or at December 31, 2018.

22. Off-balance sheet commitments

Commitments given

Financial instruments pledged as collateral

At December 31, 2019, two pledges of term accounts were in place:

- As collateral for the loan from Société Générale agreed and signed by the Company on July 7, 2015 for €254 thousand 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 thousand as of the pledge date, i.e., July 7, 2015.
- As part of the guarantee given to the tax authorities in the form of a bank guarantee from Crédit Agricole in the amount of €3.4 million, the Company pledged a term account with a balance of €692 thousand on February 1, 2019, equivalent to 50% of the sum not covered by the indemnity

to be received from the Abbott group under the Additional Agreement (see Notes 1.2 "Significant events" and 12 "Provisions").
Should the dispute to which this guarantee pertains remain unresolved at June 30, 2020, or should any disputed sums remain outstanding, the Company has undertaken to provide an additional surety of €1.0 million.

Commitments received

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 Novolyze for a 36-month period beginning October 19, 2015. Pursuant to an amendment signed on October 19, 2016, the monthly rent was increased to €5 thousand as from November 1, 2017, with an annual rate of increase of 2%. Therefore, at December 31, 2019, the total commitment received amounted to €70 thousand and commitments relating to future payments amounted to €145 thousand.

- ***Agreement with Genoway***

On November 4, 2015, the Company signed a contract to make its premises and facilities available to Genoway for a three-year period beginning December 1, 2015. On July 1, 2017, the contract was amended and extended through June 30, 2019 and then renewable by tacit agreement for a period of three years, putting the next expiry date at June 30, 2022. The monthly rent was increased to €15 thousand as from December 1, 2017. Therefore, at December 31, 2019, the total commitment received amounted to €185 thousand and commitments relating to future payments amounted to €461 thousand.

- ***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. Pursuant to an amendment signed on January 1, 2017, the monthly rent was increased to €2.4 thousand until March 30, 2018 and then to €2.5 thousand. It was increased again to €2.7 thousand as from September 1, 2018. Therefore, at December 31, 2019, the total commitment received amounted to €32 thousand and commitments relating to future payments amounted to €65 thousand.

23. Related-party transactions

The table below sets out the compensation awarded to the executive and corporate officers that was recognized in expenses:

In thousands of euros	**2019**	**2018**
Wages and salaries	1,113	944
Benefits in kind	47	46
Pension plan expenses	66	41
Share-based compensation expense	280	354
Attendance fees	206	200
Net total	**1,792**	**1,585**

During 2019, ISLS Consulting, whose Chairman Jean-Louis Junien was a Company director until May 27, 2019, received €169 thousand, compared to €162 thousand in 2018 within the scope of a consulting service contract. Additionally, on December 14, 2018, the Company's Board of Directors granted 80,000 share warrants to ISLS Consulting,

24. Basic and diluted loss 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 thousands of euros	2019	2018
Net loss for the period	(30,218)	(33,617)
Weighted average number of shares outstanding used to calculate basic/diluted loss per share	23,519,897	20,540,979
Basic/diluted loss per share	**(1.28)**	**(1.64)**

As the Company recorded a loss in 2019 and 2018, diluted earnings (loss) per share are identical to basic earnings (loss) per share. Share-based payment plans (BSAs, BSPCEs and AGAs) are not included as their effects would be anti-dilutive.

25. Financial risk management

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 given the outstanding trade receivables balance at each reporting date.

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.

The Company's operations have consumed large amounts of cash since it was created. Developing pharmaceutical products – which includes performing clinical trials – is a long, costly and risky process and the Company expects its research and development costs to increase substantially given the activities currently in progress. Consequently, the Company will need to use fresh capital in order to pursue clinical development and launch marketing activities if necessary.

26. Events after the reporting date

Full payment of 2018 research tax credit received

The Company received the entire amount of the 2018 research tax credit, i.e., €4.2 million, in January 2020.

Vesting of 63,300 AGA free shares

On January 26, 2020, the Chairman and Chief Executive Officer placed on record a capital increase arising from the vesting of AGA 2018-2 free shares in an amount of €633 through the issue of 63,300 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 26,909,412 and the share capital to €269,094.12.

Capital increase reserved for a category of investors

On February 7, 2020, Inventiva carried out a capital increase with cancellation of shareholders' preferential subscription rights in an amount of €15 million through the issue of 3,778,338 new shares with a par value of €0.01 each, for a subscription price of €3.97 each (issue premium included), reserved for a category of investors: BVF Partners L.P., Novo A/S, New Enterprise Associates 17, L.P. and Sofinnova Partners, existing shareholders of the Company.

The gross proceeds of the transaction will amount to €15 million. They will complement the Company's current financial resources and will essentially help finance:

- the completion of the NATIVE Phase IIb clinical trial evaluating lanifibranor in non-alcoholic steatohepatitis (NASH) and the preparation for the launch of Phase III;
- the continued clinical development of odiparcil in the treatment of type VI mucopolysaccharidosis (MPS VI), in particular with the launch of the SAFE-KIDDS Phase I/II clinical trial in children; and
- the continuation of the YAP/TEAD oncology program until a drug candidate is selected.

The Company estimates that its available cash at December 31, 2019 (amounting to €35.8 million), and the €4.2 million 2018 research tax credit paid in January 2020 had extended the Company's liquidity horizon until the middle of the first quarter of 2021. This capital increase helps increase its financial visibility and bring it from the middle of the first quarter of 2021 until the end of the second quarter of 2021, i.e., after the publication of the results of the NATIVE Phase IIb clinical trial, expected in the first half of 2020.

2. Statutory auditors' report on the Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, professional auditing standards applicable in France.

Inventiva S.A.

Registered office: 50, rue Dijon - 21121 Daix

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

Year ended December 31, 2019

To the Chairman and Chief Executive Officer,

In our capacity as Statutory Auditor of Inventiva S.A. and in compliance with your request, we have audited the accompanying financial statements of Inventiva S.A. prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2019.

Board of Directors is responsible for the preparation and fair presentation of these "financial statements". Our responsibility 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 and the professional doctrine of the French national auditing body (Compagnie nationale des commissaires aux comptes) related to this engagement; these standards require that we plan and perform the audit to obtain reasonable assurance whether the "financial statements" are free from material misstatement. An audit involves performing procedures, on a test basis or by other means of selection, to obtain audit evidence about the amounts and disclosures in the "financial statements". An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating 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 opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position and assets and liabilities of Inventiva S.A. as of 31 December 2019, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note 2.1 "Impact of the first-time adoption of IFRS 16" to the financial statements regarding the changes in accounting method related to first-time adoption, since the 1st January 2019, of IFRS 16.

The statutory auditor

French original signed by Cédric Adens on the 9 March 2020

D. Company financial statements prepared in accordance with French GAAP for the year ended December 31, 2019

1. Company financial statements prepared in accordance with French GAAP for the year ended December 31, 2019

1. Financial Statements

1.1. Statement of financial position

1.1.1. Assets

	Dec. 31, 2019			Dec. 31, 2018
In euros	**Gross**	**Depreciation, amortization and provisions**	**Net**	**Net**
Licenses, patents and similar concessions	2,141,657	1,157,314	984,343	1,149,064
Other intangible assets	1,556,246	1,288,507	267,739	393,510
Intangible assets	**3,697,903**	**2,445,821**	**1,252,082**	**1,542,574**
Land	172,000	-	172,000	172,000
Buildings	3,407,045	1,541,755	1,865,290	2,060,993
Technical facilities, equipment and tooling	4,747,736	3,395,813	1,351,922	1,677,862
Other property, plant and equipment	1,157,100	873,780	283,319	307,276
Property, plant and equipment in progress	-	-	-	43,102
Property, plant and equipment	**9,483,880**	**5,811,349**	**3,672,531**	**4,261,233**
Non-current financial assets	1,243,148	-	**1,243,148**	431,944
NON-CURRENT ASSETS	**14,424,931**	**8,257,170**	**6,167,761**	**6,235,751**
Inventories	-	-	-	-
Trade receivables	4,043	-	4,043	5,802
Supplier receivables	48,146	-	48,146	59,736
Employee-related payables	9,145	-	9,145	7,000
Income tax receivables	10,166,594	-	10,166,594	9,767,460
Sales tax receivables	1,415,844	-	1,415,844	3,034,418
Other receivables	2,355,828	-	2,355,828	2,520,069
Advances and downpayments made on orders	202,012	-	202,012	164,933
Marketable securities	14,000,000	-	14,000,000	41,766,625
Cash and cash equivalents	21,841,437	-	21,841,437	14,925,394
Prepaid expenses	882,340	-	882,340	1,593,944
CURRENT ASSETS	**50,925,389**	-	**50,925,389**	**73,845,381**
Total assets	**65,350,320**	**8,257,170**	**57,093,150**	**80,081,132**

1.1.2.Equity and Liabilities

In euros	Dec. 31, 2019	Dec. 31, 2018
Share capital or personal capital	268,461	222,573
Additional paid-in capital	86,172,729	77,564,256
Legal reserve	39,020	39,020
Retained earnings	(17,488,847)	14,468,113
NET INCOME/LOSS FOR THE YEAR	**(30,802,924)**	**(31,956,860)**
Investment subsidies	3,373,885	3,772,005
Shareholders' equity	**41,562,325**	**64,109,108**
Provisions for contingencies	573,730	358,076
Provisions for losses	2,390,751	2,169,823
Provisions for contingencies and losses	**2,964,481**	**2,527,899**
Borrowings	73,797	219,933
Bank overdrafts	3,257	4,911
Bank loans and borrowings	**77,054**	**224,844**
Miscellaneous loans and borrowings	**41,789**	**41,789**
Trade and other payables	**3,013,654**	**4,677,623**
Employee-related payables	1,124,302	1,094,859
Accrued payroll and other employee-related taxes	1,041,114	1,052,204
Income tax payables	-	-
Sales tax payables	601,300	554,959
Other accrued taxes and employee-related expenses	244,124	190,710
Accrued taxes and employee-related expenses	**3,010,840**	**2,892,732**
Amounts payable on non-current assets	-	14,065
Other payables	6,423,008	5,593,074
Deferred income	-	-
TOTAL LIABILITIES	**12,566,344**	**13,444,126**
Total equity and liabilities	**57,093,150**	**80,081,132**

1.2. Income statement

In euros	Dec. 31, 2019	Dec. 31, 2018
REVENUE		
Sales	4,777,872	3,303,005
Operating subsidies	-	15,973
Other revenue	99,582	214,169
Total	**4,877,454**	**3,533,147**
Purchases of raw materials and other supplies	(19,334)	(29,265)
Other purchases and external charges	(27,468,369)	(26,459,618)
Taxes, duties and similar levies	(246,245)	(271,882)
Wages and salaries	(6,737,612)	(6,760,781)
Payroll taxes	(2,878,639)	(2,597,788)
Depreciation, amortization and provisions	(1,252,629)	(1,068,273)
Other expenses	(276,665)	(283,407)
Total	**(38,879,493)**	**(37,471,012)**
OPERATING RESULTS	**(34,002,039)**	**(33,937,865)**
Financial income	777,653	222,611
Financial expenses	(694,205)	(257,265)
NET FINANCIAL INCOME	**83,447**	**(34,654)**
RECURRING INCOME (LOSS) BEFORE TAX	**(33,918,592)**	**(33,972,520)**
Non-recurring income	588,334	2,435,525
Non-recurring expenses	(1,769,198)	(5,390,453)
NET NON-RECURRING INCOME	**(1,180,864)**	**(2,954,928)**
Income tax	4,296,532	4,970,588
NET INCOME (LOSS) FOR THE YEAR	**(30,802,924)**	**(31,956,860)**

2. Notes to the financial statements

Inventiva S.A. ("Inventiva" or the "Company") is a clinical stage biopharmaceutical company focused on the development of oral small molecule therapies for the treatment of diseases with significant unmet medical need in the areas of fibrosis, lysosomal storage disorders and oncology.

The Company is developing its most advanced product candidate, lanifibranor, for the treatment of patients with non-alcoholic steatohepatitis, or NASH, a disease for which there are currently no approved therapies. The Company is currently conducting Phase IIb clinical trials of lanifibranor in patients with NASH and plans to report data in the first half of 2020.

The Company is also developing a second clinical-stage asset, odiparcil, for the treatment of patients with subtypes of mucopolysaccharidoses, or MPS. A Phase I/II clinical trial in children with MPS VI is being prepared following the positive results of the Phase IIa clinical trial carried out in adult patients with the same disease, published at the end of 2019.

The Company's pipeline is backed by a discovery engine with an extensive library of proprietary molecules, a wholly owned research and development facility and a team with significant expertise and experience in the development of compounds that target nuclear receptors, transcription factors and epigenetic modulation.

Using these assets and this expertise, it has built a discovery engine focused on small molecule compounds that target nuclear receptors, transcription factors and epigenetic modulation. It is leveraging this discovery engine to identify and develop compounds addressing a wide range of indications.

Other preclinical programs are also in development, notably for the treatment of certain autoimmune diseases in collaboration with AbbVie Inc. (AbbVie). AbbVie is currently evaluating ABBV-157, a drug candidate derived from the partnership with the Company for the treatment of moderate to severe psoriasis, in a clinical trial.

Inventiva's ordinary shares have been listed on the Euronext Paris regulated market since February 2017.

2.1. Significant events

2.1.1. Capital increase

Capital increase of €32.4 million by way of a private placement for a category of investors in April 2018

On April 17, 2018, Inventiva announced the successful completion of a capital increase without pre-emptive subscription rights for a category of beneficiaries.

Under the definitive terms of the capital increase which were set by the Board of Directors on March 12, 2018, a total of 5,572,500 new ordinary shares were issued at a per share price of €6.37 (par value of €0.01 plus an issue premium of €6.36), thereby enabling the Company to raise €32.4 million (net of transaction costs).

The settlement-delivery of the new shares took place on April 17, 2018 in a total gross amount of €35.5 million. The new shares were admitted to trading on Euronext Paris on the same date.

As part of the capital increase, the Company incurred transaction costs of €3.1 million in 2018, comprising compensation to financial intermediaries and legal and administrative fees. The costs are recognized as a deduction from additional paid-in capital within equity (see Note 2.3.2 *"Recognition of transaction costs related to capital increases"*).

Capital increase of €8.9 million subscribed by leading US and European biotech investors in September and October 2019.

On September 20, 2019, Inventiva successfully carried out a capital increase of €8.3 million subscribed by New Enterprise Associates (NEA), BVF Partners L.P. and Novo Holdings A/S, Company's existing shareholders. The capital increase was executed at the closing price of September 18, 2019 without any discount.

On October 2, 2019, as part of the same capital increase, Inventiva carried out an additional capital increase of €0.6 million subscribed by Sofinnova Partners, current Inventiva shareholder and board member.

Gross proceeds from the transaction were €8.9 million, which were primarily used for the Company's research and development activities, including the development of its drug candidates, especially lanifibranor and odiparcil.

Following the settlement-delivery on September 20, 2019 and October 2, 2019, Inventiva's share capital amounted to €265,321.76 divided into 26,532,176 shares, then €268,461.12 divided into 26,846,112 shares. The new shares are fungible with the existing shares of the Company and have been admitted to trading on the regulated market of Euronext Paris.

As part of the capital increase, the Company incurred transaction costs of €0.3 million in 2019, comprising compensation to financial intermediaries and legal and administrative fees. The costs are recognized as a deduction from additional paid-in capital within equity (see Note 2.3.2 *"Recognition of transaction costs related to capital increases"*).

2.1.2.Research partnership with Abbvie

€3.5 million milestone payment received in December 2019

In August 2012, the Company entered into a master research service agreement (MRSA) with AbbVie specifying the conditions under which the Company would occasionally perform services 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 MRSA was signed concurrently in conjunction with the Asset Purchase Agreement (APA) between Abbott and the Company. However, they are the subject of two separate agreements, they have been signed with two legally separate counterparties (Abbott and AbbVie) and 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.

The research term of the AbbVie Collaboration with respect to the RORγ program was initially five years and was extended in August 2017. As of April 2019, the Company no longer provides research services under the RORγ program or the AbbVie Partnership, but remains eligible for milestone payments and royalties in the event of a product being marketed.

At December 31, 2019, the Company had received a €3.5 million milestone payment following the enrollment of the first patient with psoriasis in the ongoing clinical trial of ABBV-157.

For the year ended December 31, 2019, the AbbVie collaboration generated €3.6 million of revenue, or 75% of the Company's revenue, compared to €0.8 million, or 25.6% of the Company's revenue, for the year ended December 31, 2018 (see Note 2.5.1 *"Breakdown of net revenue from sales"*).

2.1.3.Research and development partnership with Boehringer Ingelheim

Decision to end the collaboration in November 2019

In May 2016, the Company and Boehringer Ingelheim (BI) entered into a license agreement and a multi-year Research and License Agreement (the "BI Partnership"). This agreement aimed to apply Inventiva's technology and expertise in developing new treatments for idiopathic pulmonary fibrosis (IPF), a chronic fibrotic disease characterized by a progressive decline in lung function, and for other fibrosis diseases.

For internal reasons regarding prioritization in its product portfolio, BI informed Inventiva of its decision to end its collaboration on IPF with the Company as of November 12, 2019. Following this decision, all intellectual property, molecules and data from this collaboration will belong to Inventiva. The Company is reviewing the research program to decide on the most appropriate option for the future, including continuing to develop it internally or through a partnership with another recognized player in the field.

As the sums received from BI under the partnership agreement are definitively earned, the termination of the contract has no impact on the Company's cash for 2019.

The revenue from the agreement with BI recognized during 2019 in an amount of €2.6 million corresponds to the following:

- Compensation for FTEs: Revenue of €0.5 million, corresponding to compensation for FTEs assigned to the research program for the year.

The revenue from the agreement with BI recognized during 2018 in an amount of €1.0 million corresponded to the following:

- Compensation for FTEs: Revenue of €1 million, corresponding to compensation for FTEs assigned to the research program for the year.

The BI Partnership represented 10% of the Company's revenue for the year ended December 31, 2019 and 31.3% of its revenue for the year ended December 31, 2018 (see Note 2.5.1 *"Breakdown of net revenue from sales"*).

2.1.4. New free share award plans ("AGA") in 2018 and 2019

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

- 10,000 AGA free shares (AGA 2018-1), fully vested on January 26, 2019; and
- 65,700 free shares (AGA 2018-2), of which 2,400 lapsed and 63,300 vested in January 2020.

These plans have the following characteristics:

- a one-year vesting period for AGA 2018-1 shares (until January 26, 2019);
- a two-year vesting period for AGA 2018-2 shares (until January 26, 2020);
- a one-year lock-up period;
- a service condition; and
- no performance conditions.

On December 14, 2018, the Company's Board of Directors approved a third AGA free share award plan comprising 265,700 free shares (AGA 2018-3) for 88 Company employees. As of December 31, 2019, 38,450 lapsed.

The plan has the following characteristics:

- a two-year vesting period;
- a one-year lock-up period;
- a service condition; and
- no performance conditions.

On June 28, 2019, the Company's Board of Directors approved two AGA free share award plans for certain Company employees:

- 37,500 free shares (AGA 2019-1);
- 246,000 free shares (AGA 2019-2), of which 18,000 lapsed.

The plans have the following characteristics:

- a two-year vesting period for AGA 2019-1 shares;
- a one-year vesting period for AGA 2019-2 shares;
- a one-year lock-up period;
- a service condition; and
- no performance conditions.

For more details on these plans, see Note 2.3.1 *"Opening the share capital to employees"*.

2.1.5. New share warrant plans ("BSA") in 2018 and 2019

On December 14, 2018, the Company's Board of Directors granted 126,000 share warrants (BSA 2018) to Company advisers or their partners as follows:

- 36,000 share warrants to David Nikodem, as a partner of Sapidus Consulting Group LLC, a service provider of Inventiva;
- 10,000 share warrants to JPG Healthcare LLC, lapsed after expiration of the exercise period; and
- 80,000 share warrants to ISLS Consulting, a company owned by Jean-Louis Junien, a director of the Company (*mandate ended in May 2019*).

BSA 2018 share warrants are share subscription options with no performance conditions attached. The plan concerns three beneficiaries. For two of these, it comprises tranches with vesting periods of between one and three years. Once they vest, the share warrants may be exercised through December 14, 2028.

On June 28, 2019, the Company's Board of Directors granted 10,000 share warrants (BSA 2019) to Company advisor as follows:

- 10,000 share warrants to David Nikodem, as a partner of Sapidus Consulting Group LLC.

BSA 2019 share warrants are share subscription options with no performance conditions attached. The plan provides for a vesting period of one year. Once they vest, the share warrants may be exercised through June 28, 2029.

For more details on these plans, see Note 2.3.1 *"Opening the share capital to employees"*.

2.1.6. Tax audit

Since end-2019, the Company has been audited by the French tax authorities with respect to payroll taxes for the years 2016, 2017 and 2018. On December 19, 2019, the Company received a proposed tax

adjustment for 2016, 2017 and 2018 amounting to €1.7 million (including penalties and late payment interest). A provision for the full amount of the risk for 2016 and 2017 was recorded at December 31, 2018. This proposed tax adjustment gives rise to a potential risk of €0.5 million (including penalties and late payment interest) related to the year 2018, which the Company is challenging under the ongoing contentious procedure. Consequently, no provision is recorded as of December 31, 2019 as the subsidy received under the APA having ended in August 2017.

Tax audits for the 2013, 2014 and 2015 fiscal years were still in progress on the date of approval of these financial statements.

A description of the checks performed and their impact on the financial statements is provided in Note 2.4.11 *"Provisions for contingencies and losses"*.

2.1.7. Surety provided to the French tax authorities

On February 1, 2019, as part of its request for a stay of payment on the CIR research tax credits and payroll taxes, the Company offered the French tax authorities a surety in the form of a €3.4 million bank guarantee with Crédit Agricole bank.

As part of the process of setting up the surety, a pledge over cash, equivalent to 50% of the sum not covered by the indemnity to be received from the Abbott group under the Additional Agreement (€2 million; see Note 2.4.11 *"Provisions for contingencies and losses"*), i.e., €0.7 million, recorded in the first half of 2019 in *"Other non-current assets"*. Should the dispute to which the surety pertains remain unresolved at June 30, 2020, or should any disputed sums remain outstanding, the Company has undertaken to provide an additional surety of €1.0 million (see Note 2.3.3 *"Off-statement of financial position commitments"*).

2.1.8. 2017 research tax credit payment ("CIR") received in September 2019

By the final quarter of 2019, the Company received payment of 81% of the total amount of the 2017 research tax credit, i.e., €3.6 million, on a total requested amount of €4.5 million.

At the date of approval of these financial statements, the Company is contesting the rationale for the 19% withheld from the 2017 research tax credit, i.e., €0.9 million, and called upon the mediator to challenge the audit procedure on February 2020.

The Company estimates its maximum risk linked to the payment of the 2017 research tax credit at €0.2 million, and this amount was covered by a provision recorded in the financial statements for the year ended December 31, 2019 (see Note 2.4.11 "*Provisions for contingencies and losses*").

2.1.9. Approval and implementation of a redundancy plan

Following the termination of the systemic sclerosis (SSc) program in February 2019 due to the failure to meet the primary endpoint of the FASST Phase IIb clinical study, the Company implemented a redundancy plan in the second quarter, which was subject to a company agreement signed on June 11, 2019; combined with the non-renewal of fixed-term contracts, the Company's total workforce was reduced from 113 employees at December 31, 2018 to 88 at December 31, 2019.

Following the signing of the company agreement and its implementation, the Company recorded an expense in a total amount of €1 million representing the costs incurred by Inventiva over the period. This expense is reflected on the "*Other operating income (expenses)*" line in the income statement (see Note 2.5.2 *"Non-recurring income and expenses"*). A residual accrued expense of €0.1 million is accounted for as at December 31, 2019 to cover the last miscellaneous payroll costs expected in 2020.

2.2. Significant accounting policies

These annual financial statements have been prepared in accordance with regulation 2014-03 issued by the French Accounting Standards Authority (*Autorité des normes comptables*, ANC) and approved by a ministerial decree dated September 8, 2014, relating to French generally accepted accounting principles.

They have been prepared in accordance with the principle of prudence, in line with the basic concepts of going concern, consistency of accounting methods from one period to the next and accrual-based accounting, and in accordance with the general rules for preparing and presenting financial statements set out in the French generally accepted accounting principles and French law.

Items recorded in the financial statements are measured based on the historical cost convention. The main accounting policies applied by the Company are described below.

2.2.1. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost (purchase price including transaction expenses and net of acquisition fees) or at production cost.

Depreciation and amortization are calculated based on the estimated useful life of assets using the straight-line method.

- 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

2.2.2. Intangible assets

Research costs are recognized in operating expenses.

An intangible asset is recognized with respect to development costs if the Company can demonstrate all of the following:

- The technical feasibility necessary to complete the development project.
- Its intention to complete the intangible asset and use it.
- Its ability to commercialize the product.
- Its ability to generate future economic benefits from the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development project.
- A reliable measurement of the expenditure attributable to the development project.

Given the risks and uncertainties involved in regulatory approval and in the process of research and development, Inventiva considers that the six criteria above will be met only upon obtaining market authorization.

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.

- The library of compounds acquired within the scope of the APA together with all of the chemical components acquired subsequently, written down over a 13-year period corresponding to their estimated useful life.

2.2.3. Non-current financial assets

Non-current financial assets consist of:

- A deposit account pledge given to a bank as security for a loan.
- A deposit account pledged as collateral to a bank as security for the stay of payment requested in connection with the 2013-2015 tax audit
- Treasury shares held after a liquidity agreement was set up in 2017. Shares are written down if their acquisition value is greater than the stock market price at the statement of financial position date.

2.2.4. Trades receivables

Receivables are measured at nominal value.

2.2.5. Cash and cash equivalents

Cash and cash equivalents comprise securities which are readily convertible into cash at their nominal value (bank current accounts).

2.2.6. Marketable securities

Marketable securities are recorded at historical cost. Profit or loss on the sale of marketable securities is calculated using the "first-in, first-out" (FIFO) method.

In the event that the market value of the securities at the reporting date is less than their gross carrying amount, the difference is recognized as a provision.

2.2.7. Prepaid expenses

Certain unused laboratory disposables (bio-reagents, proteins, cells, chemical reagents, etc.) are recorded in prepaid expenses at the reporting date.

Prepaid expenses also comprise IT maintenance costs, patent maintenance fees and insurance contributions.

2.2.8. Share capital

Ordinary shares are classified in shareholders' equity.

2.2.9. Share warrants and free shares

The Company has set up share warrant and free share award plans for certain employees.

When the share warrants are exercised by the beneficiaries, new shares are issued and treated for accounting purposes like a traditional share issue. The issue premium is equal to the difference between the subscription price paid by the employee and the amount of the increase in the share capital account.

When free shares are awarded to the beneficiaries, new shares may be issued and they are treated for accounting purposes like a share issue paid up by capitalizing reserves. The nominal amount of the share

is credited to the capital account. The new shares will be assimilated into existing ordinary shares of the same category from the time of their issuance.

2.2.10. Bank borrowings

Borrowings are measured at nominal value. Interest-bearing loans are recorded in liabilities at their redemption value.

2.2.11. Trade payables

Payables are measured at nominal value.

2.2.12. Recognition and measurement of revenue

Collaboration agreements and licences

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 section 2.1.2 *"Research partnership with Abbvie"* and section 2.1.3 *"Research and development partnership with Boehringer Ingelheim"*). 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 accruals 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.

2.2.13. Recognition and measurement of operating expenses

In accordance with Article 2-6 of CRC Regulation 2004-06, research costs are recognized in operating expenses in the period during which they are incurred, in line with the accounting treatment adopted by Inventiva prior to changes in the regulations. The Company subcontracts a significant portion of its R&D activities to external partners. The related costs are recognized to the extent of the work performed. The degree of progress is determined based on information provided by the external parties and corroborated by internal analyses.

2.2.14. Investment subsidies

Investment subsidies are recognized in income over several reporting periods. They were subject to tax in 2012. Investment subsidies are amortized at the same rate as the subsidized asset, in accordance with the French General Chart of Accounts (*Plan comptable général*, PCG).

2.2.15. Provisions for contingencies and losses

Retirement benefits

Retirement benefit obligations are determined by independent actuaries based on the rights set forth in the national collective bargaining agreement for the French pharmaceutical industry and in accordance with the CNC (*Conseil national de la comptabilité*) recommendation of April 1, 2003. The method used is the projected unit credit method, which takes into account actuarial assumptions for an employee's expected length of service, expected future salaries, mortality rates and staff turnover. The commitment is recognized at its present value calculated using an appropriate discount rate.

Retirement benefits were recognized for the first time in 2015.

The main actuarial assumptions used in measuring the obligation are as follows:

- Estimations of future salaries based on current figures and incorporating an annual salary increase of 2%, including inflation.
- Discount rate: 0.70%.
- Payroll taxes: 41.41%.
- Staff turnover rates by age group.
- Mortality tables used: TGH/TGF05.

Other provisions

Provisions for contingencies and losses are calculated to cover litigation, disputes and risks related to the Company's day-to-day business that are likely to involve a probable outflow of resources.

Consequently, provisions were set aside for all material risks that were considered probable in view of known events and the situation at December 31, 2019.

2.2.16. Unrealized foreign exchange gains and losses

Following a change in accounting regulations applicable to statutory financial statements from January 1, 2017 (application of ANC regulation No. 2015-05), unhedged unrealized foreign exchange gains and losses are now recorded in operating income and expenses instead of in financial income/expense.

2.3. Additional information

2.3.1.Opening the share capital to employees

The Company has put in place a company founder share warrant (BSPCE) plan to open its share capital to employees. Share warrants correspond to:

- BSPCE founder share warrants granted to the Company's employees in 2013 and 2015;
- BSA share warrants granted to Company directors with a subscription price set at €0.534 in 2017; and
- BSA share warrants granted to Company service providers with a subscription price set at €0.48 in 2018; and
- BSA share warrants granted to Company service provider with a subscription price set at €0.18 in 2019.

Movements in the plans during the year are described in the paragraphs below.

Movements in BSPCE founder share warrants (in number of shares issuable upon exercise) – 2019

BSPCE	Grant Date	Exercise price (in euros)	Outstanding at Dec. 31, 2018	Issued	Exercised	Forfeited	Oustanding at Dec. 31, 2019	Number of exercisable shares
BSPCE 2013 Plan	Dec. 13, 2013	0.59	13,400	-	(4,600)	-	8,800	8,800
BSPCE 2015 Plan	May 25, 2015	0.67	22,800	-	(22,800)	-	-	-
TOTAL			36,200	-	(27,400)	-	8,800	8,800

During the year ended December 31, 2019, the change in BSPCE share warrants over the period can be broken down as follows:

- Exercise of 274 BSPCE share warrants by Company employees between January 5 and January 20, 2019, whereupon 27,400 new shares were issued on January 25, 2019.

At December 31, 2019, 88 BSPCE share warrants were outstanding. Each BSPCE share warrant corresponds to 100 shares. They are exercisable until December 31, 2023, after which date they will be forfeited.

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

- €0.59, 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 BSPCE share warrants will be forfeited if for any reason the beneficiary's salaried position within the Company is terminated.

No new BSPCE share warrant plans were set up in 2019.

Movements in BSPCE founder share warrants (in number of shares issuable upon exercise) – 2018

BSPCE	Grant date	Exercise price (in euros)	Outstanding at Dec. 31, 2017	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2018	Number of exercisable shares
BSPCE 2013 plan	Dec. 13, 2013	0.59	161,800	-	(148,400)	-	13,400	13,400
BSPCE 2015 plan	May 25, 2015	0.67	54,700	-	(31,900)	-	22,800	22,800
TOTAL			216,500	-	(180,300)	-	36,200	36,200

During the year ended December 31, 2018, the change in BSPCE share warrants over the previous period can be broken down as follows:

- Exercise of 1803 BSPCE share warrants by Company employees between January 5 and January 20, 2018, whereupon 180,300 new shares were issued.

At December 31, 2018, 362 BSPCE share warrants were outstanding. Each BSPCE share warrant corresponds to 100 shares. They are exercisable until December 31, 2023, after which date they will be forfeited.

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

- €0.59, 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 BSPCE share warrants will be forfeited if for any reason the beneficiary's salaried position within the Company is terminated.

No new BSPCE share warrant plans were set up in 2018.

Movements in BSA share warrants (in number of shares issuable upon exercise) – 2019

BSA	Grant date	Exercise price (in euros)	Outstanding at Dec. 31, 2018	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2019	Number of exercisable shares
BSA 2013 Plan	December 13, 2013	0.67	-	-	-	-	-	-
BSA 2017 Plan	May 29, 2017	6.67	175,000	-	-	(35,000)	140,000	120,000
BSA 2018-1 Plan	December 14, 2018	6.07	46,000	-	-	(10,000)	36,000	12,000
BSA 2018-2 Plan	December 14, 2018	6.07	80,000	-	-	-	80,000	26,667
BSA 2019-1 Plan	June 28, 2019	2.20	-	10,000	-	-	10,000	-
TOTAL			301,000	10,000	-	(45,000)	266,000	158,667

As of January 1, 2019, 3 BSA plans are in progress: BSA-2017-1, BSA 2018-1 and BSA 2018-2

During the year ended December 31, 2019, the change in BSA share warrants over the period can be broken down as follows:

- Cancellation of 35,000 BSA-2017-1 share warrants allocated to two corporate officers which lapsed following the end of their offices on May 27, 2019.
- Cancellation of 10,000 BSA-2018-1 share warrants allocated to a Company's external service provider which lapsed as a result of the non-payment of the warrant before December 14, 2019.
- Issue of 10,000 new BSA 2019-1 share warrants allocated to a Company's external service provider (see Note 2.1.5 "*Nouveaux plans de BSA en 2018 et 2019"*).

At December 31, 2019, 266,000 BSA share warrants were outstanding. Each BSA share warrant corresponds to one share. BSA 2017-1 share warrants are exercisable until December 31, 2023, after which they will be forfeited. BSA 2018-1 and 2018-2 share warrants are exercisable until December 14, 2028, after which they will be forfeited. BSA 2019-1 share warrants are exercisable until June 28, 2019, after which they will be forfeited.

The subscription price of the BSA stock warrants is fixed at:

- €0.53 for BSA share warrants granted in 2017;
- €0.48 for BSA share warrants granted in 2018;
- €0.18 for BSA share warrants granted in 2019.

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

- €6.67 for BSA share warrants granted in 2017, including a €6.66 share premium.
- €6.07 for BSA share warrants granted in 2018, including a €6.06 share premium.
- €2.20 for BSA share warrants granted in 2019, including a €2.19 share premium.

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.

No BSA share warrants were exercised in 2019.

Movements in BSA (in number of shares issuable upon exercise) – 2018

BSA	Grant date	Exercise price (in euros)	Outstanding at Dec. 31, 2017	Issued	Exercised	Forfeited	Outstanding at Dec. 31, 2018	Number of exercisable shares
BSA 2013 Plan	December 13, 2013	0.67	-	-	-	-	-	-
BSA 2017 Plan	May 29, 2017	6.67	195,000	-	-	(20,000)	175,000	65,000
BSA 2018-1 Plan	December 14, 2018	6.07	-	46,000	-	-	46,000	-
BSA 2018-2 Plan	December 14, 2018	6.07	-	80,000	-	-	80,000	-
TOTAL			195,000	126,000	-	(20,000)	301,000	65,000

During the year ended December 31, 2018, the change in BSA share warrants over the period can be broken down as follows:

- Cancellation of 20,000 BSA-2017 share warrants allocated to one of the corporate officers which lapsed following their departure.
- Issue of 126,000 new BSA 2018 share warrants allocated to three of the Company's external service providers (see section 2.1 *Significant events*).

At December 31, 2018, 301,000 BSA share warrants were outstanding. Each BSA share warrant corresponds to one share. BSA 2017 share warrants are exercisable until December 31, 2023, after which they will be forfeited. BSA 2018-1 and 2018-2 share warrants are exercisable until December 14, 2028, after which they will be forfeited.

The subscription price of the BSA stock warrants is fixed at:

- €0.53 for BSA share warrants granted in 2017;
- €0.48 for BSA share warrants granted in 2018.

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

- €6.67 for BSA share warrants granted in 2017, including a €6.66 share premium.
- €6.07 for BSA share warrants granted in 2018, including a €6.06 share premium.

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.

No BSA share warrants were exercised in 2018.

Movements in AGA free shares (in number of shares issuable) – 2019

AGA	Grant date	Reference price at grant date	Outstand. at Dec. 31, 2018	Issued	Exercised	Forfeited	Outstand. at Dec. 31, 2019
AGA Plan 2017 - 1	April 18, 2017	7,35	77 500	-	(77 500)	-	-
AGA Plan 2018 - 1	January 26, 2019	5,76	10 000	-	(10 000)	-	-
AGA Plan 2018 - 2	January 26, 2019	5,76	65 700	-	-	(2 400)	63 300
AGA Plan 2018 - 3	December 14, 2018	6,28	265 700	-	-	(38 450)	227 250
AGA Plan 2019 - 1	June 28, 2019	2,00	-	37 500	-	-	37 500
AGA Plan 2019 - 2	June 28, 2019	2,00	-	246 000	-	(18 000)	228 000
TOTAL			418 900	283 500	(87 500)	(58 850)	556 050

As of January 1, 2019, four AGA free share award plans are in progress: AGA 2017-1, AGA 2018-1, AGA 2018-2 and AGA 2018-3 (see Note 2.1.4 "*New free share award plans ("AGA") in 2018 and 2019"*).

During the year ended December 31, 2019, the change in AGA free shares over the period can be broken down as follows:

- Two new share plans for Company employees granted on June 28, 2019 involving a total of 283,500 potential new shares.
- Final allotment of 87,500 AGA free shares resulting to two capital increases. The first on January 26, 2019 in the amount of €100 by a deduction from retained earnings and the second on April 18, 2019 in the amount of €775 by a deduction from paid-in capital.
- Cancellation of 58,850 AGA free shares which were forfeited following employees' departures, notably as part of the redundancy plan carried on during the first semester of 2019.

On June 28, 2019, the Company's Board of Directors approved two free shares award plans for certain Company employees (see Note 2.1.4 "*New free share award plans ("AGA") in 2018 and 2019"*):

- 37,500 free shares (AGA 2019-1);
- 246,000 free shares (AGA 2019-2).

The plans have the following characteristics:

- a two-year vesting period for AGA 2019-1 shares;
- a one-year vesting period for AGA 2019-2 shares;
- a one-year lock-up period;
- a service condition; and
- no performance conditions.

Movements in AGA free shares (in number of shares issuable) – 2018

AGA	Grant date	Reference price at grant date	Outstand. at Dec. 31, 2018	Issued	Exercised	Forfeited	Outstand. at Dec. 31, 2019
AGA Plan 2017 - 1	April 18, 2017	7,35	79 900	-	-	(2 400)	77 500
AGA Plan 2017 - 2	April 18, 2017	7,35	60 000	-	(60 000)	-	-
AGA Plan 2018 - 1	January 26, 2019	5,76	-	10 000	-	-	10 000
AGA Plan 2018 - 2	January 26, 2019	5,76	-	65 700	-	-	65 700
AGA Plan 2018 - 3	December 14, 2018	6,28	-	265 700	-	-	265 700
TOTAL			139 900	341 400	(60 000)	(2 400)	418 900

As of January 1, 2018, two AGA free share plans are in progress: AGA 2017-1 and AGA 2017-2.

During the year ended December 31, 2018, the change in the number of outstanding AGA free shares over the previous period can be broken down as follows:

- three new plans opened, covering a total of 341,400 AGA free share awards;
- the exercise of 60,000 AGA free shares issued by way of a capital increase in an amount of €600, deducted from retained earnings;
- 2,400 AGA free shares which lapsed following the departure of an employee.

On January 26, 2018, the Company's Board of Directors approved two free share award plans for certain Company employees (see Note 2.1.4 "*New free share award plans ("AGA") in 2018 and 2019"*):

- 10,000 free shares (AGA 2018-1);
- 65,700 free shares (AGA 2018-2).

The plans have the following characteristics:

- a two-year vesting period for AGA 2018-2 shares;
- a one-year vesting period for AGA 2018-1 shares;
- a one-year lock-up period;
- a service condition; and
- no performance conditions.

On December 14, 2018, the Company's Board of Directors approved two free share award plans for certain Company employees (see Note 2.1.4 "*New free share award plans ("AGA") in 2018 and 2019"*):

- 265,700 free shares (AGA 2018-3);

The plans have the following characteristics:

- a two-year vesting period for AGA 2018-3 shares;
- a one-year lock-up period;
- a service condition; and

- no performance conditions.

Accrued expenses with respect to the employer contribution due on the free shares were recognized in 2018 in an amount of €31.9 thousand, compared with €65.9 thousand for the previous year. Thanks to its status as a European SME, the Company is exempted from part of the contribution.

2.3.2. Recognition of transaction costs related to capital increases

Private Placement of September and October 2019:

Because marginal transaction costs were directly attributable to the capital increase, they were deducted from shareholders' equity once the capital increase was completed. They amounted to €0.3 million (see section 2.4.9 *Statement of changes in shareholders' equity*).

Private placement of April 2018:

Because marginal transaction costs were directly attributable to the capital increase, they were deducted from shareholders' equity once the capital increase was completed. They amounted to €3,079 million (see section 2.4.9 *Statement of changes in shareholders' equity*).

2.3.3. CICE tax credit

On July 9, 2019, the 2017 CICE was reimbursed to the Company by the tax authorities, for an amount of €140.7 thousand. On December 12, 2019, the 2018 CICE was reimbursed, for an amount of €123.5 thousand. The CICE was used to fund the acquisition of research equipment.

In 2019, the CICE tax credit was replaced by a exemption from social charges by the French legislator. Therefore, no CICE tax credit was recorded as of December 31, 2019.

2.3.4. Research tax credits ("CIR")

Research tax credits, or CIR, 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.

Changes in the amount of the CIR are based on Inventiva's internal and external expenditure for the year. Only eligible research expenses may be included when calculating the CIR.

Inventiva has been eligible for the CIR 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 CIR. Inventiva has ensured that it meets the EU definition of an SME and therefore continues to be eligible for prepayment.

By the final quarter of 2019, the Company had received 81% of the 2017 research tax credit, namely €3.6 million out of the €4.5 million initially requested (see Note 2.1.8 *"2017 research tax credit payment ("CIR") received in September 2019"*).

Inventiva received the entire amount of the 2018 CIR research tax credit, i.e., €4.2 million, in January 2020 (see Note 2.3.7 *"Events after the reporting date"*). Inventiva will request the reimbursement for the 2019 CIR research tax credit, i.e., €4.3 million in the first half of 2020, according to its status as a European SME.

In the statement of financial position, CIR research tax credits receivables for 2017, 2018 and 2019 were recorded into “Income tax receivables”.

In the income statement, 2019 CIR research tax credit was recorded into “income tax”.

2.3.5. Tax loss carry backs

The financial statements at December 31, 2019 include an amount of €333 thousand recorded in assets for the tax credit resulting from the tax loss carry back recognized by the Company in 2017. It may be used to pay corporate income tax due in the five years following 2017. If it is not used in the five years following 2017, Inventiva will be able to request the reimbursement of the receivable.

2.3.6. Off-statement of financial position commitments

Commitments received

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 Novolyze for a 36-month period beginning October 19, 2015. Pursuant to an amendment signed on October 19, 2016, the monthly rent was increased to €5 thousand as from November 1, 2017 with an annual rate of increase of 2%. Therefore, at December 31, 2019, the total commitment relating to future payments amounted to €145 thousand.

- Agreement with Genoway

  On November 4, 2015, the Company signed a contract to make its premises and facilities available to Genoway for a three-year period beginning December 1, 2015. Pursuant to an amendment signed on July 1, 2017, the contract was extended to June 30, 2019. The monthly rent was increased to €15 thousand as from December 1, 2017. Therefore, at December 31, 2019, the total commitment relating to future payments amounted to €461 thousand.

- 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. Pursuant to an amendment signed on January 1, 2017, the monthly rent was increased to €2.4 thousand until March 30, 2018 and then to €2.5 thousand. It was increased again to €2.7 thousand as from September 1, 2018. Therefore, at December 31, 2019, the total commitment relating to future payments amounted to €65 thousand.

Commitments given

Financial instruments pledged as collateral

At December 31, 2019, two pledges of term accounts were in place:

- As collateral for the loan from Société Générale agreed and signed by the Company on July 7, 2015 for €254 thousand 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 thousand as of the pledge date, i.e., July 7, 2015.

- As part of the guarantee given to the tax authorities in the form of a bank guarantee from Crédit Agricole in the amount of €3.4 million, the Company pledged a term account with a balance of €692 thousand on February 1, 2019, equivalent to 50% of the sum not covered by the indemnity to be received from the Abbott group under the Additional Agreement (see Note 2.1.7 *"Surety provided to the French tax authorities"* et 2.4.11.2 "*Provision for taxes and duties"*).

Should the dispute to which this guarantee pertains remain unresolved at June 30, 2020, or should any disputed sums remain outstanding, the Company has undertaken to provide an additional surety of €1.0 million.

2.3.7. Events after the reporting date

Vesting of 63,600 AGA free shares

On January 26, 2020, the Chairman and Chief Executive Officer placed on record a capital increase arising from the vesting of AGA 2018-2 free shares in an amount of €633 through the issue of 63,300 new ordinary shares with a par value of €0.01 each. On that date, the number of shares outstanding was therefore increased to 26,909,412 and the share capital to €269,094.12.

Full payment of 2018 research tax credit received

On January 24, 2020, the Company received the entire amount of the 2018 research tax credit, i.e., €4,166,648.

Capital increase of €15 million subscribed by existing US and European shareholders

On February 11, 2020, Inventiva carried out a capital increase with cancellation of shareholders' preferential subscription rights in an amount of €15 million through the issue of 3,778,338 new shares with a par value of €0.01 each, for a subscription price of €3.97 each (issue premium included), reserved for a category of investors: BVF Partners L.P., Novo A/S, New Enterprise Associates 17, L.P. and Sofinnova Partners, existing shareholders of the Company.

The gross proceeds of the transaction will amount to €15 million. They will complement the Company's current financial resources and will essentially help finance:

- the completion of the NATIVE Phase IIb clinical trial evaluating lanifibranor in non-alcoholic steatohepatitis (NASH) and the preparation for the launch of Phase III;
- the continued clinical development of odiparcil in the treatment of type VI mucopolysaccharidosis (MPS VI), in particular with the launch of the SAFE-KIDDS Phase I/II clinical trial in children; and
- the continuation of the YAP/TEAD oncology program until a drug candidate is selected.

The Company estimates that its available cash at December 31, 2019 (amounting to €35.8 million), and the €4.2 million 2018 research tax credit paid in January 2020 had extended the Company's liquidity horizon until the middle of the first quarter of 2021. This capital increase helps increase its financial visibility and bring it from the middle of the first quarter of 2021 until the end of the second quarter of 2021, i.e., after the publication of the results of the NATIVE Phase IIb clinical trial, expected in the first half of 2020.

2.3.8. Related-party transactions

The table below sets out the compensation awarded to the executive and corporate officers that was recognized in expenses (in euros):

	Dec. 31, 2019	Dec. 31, 2018
Gross compensation	1,112,964	944,364
Benefits in kind	46,867	45,672
Accrued retirement indemnities	66,066	40,720
Attendance fees	206,000	200,000
Net total	**1,431,898**	**1,230,755**

During 2019, ISLS Consulting, whose Chairman Jean-Louis Junien was a Company director until May 27, 2019, received €169 thousand, compared to €162 thousand in 2018 within the scope of a consulting service contract. Additionally, on December 14, 2018, the Company's Board of Directors granted 80,000 share warrants to ISLS Consulting (BSA 2018-2) (see Note 2.1.5 "*New share warrant plans ("BSA") in 2018 and 2019"*).

2.3.9. Financial risk management

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 given the outstanding trade receivables balance at each reporting date.

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.

The Company's operations have consumed large amounts of cash since it was created. Developing pharmaceutical products – which includes performing clinical trials – is a long, costly and risky process and the Company expects its research and development costs to increase substantially given the activities

currently in progress. Consequently, the Company will need to use fresh capital in order to pursue clinical development and launch marketing activities if necessary.

2.4. Notes to the statement of financial position

2.4.1. Non-current assets

In euros	January 1, 2019	Acquisitions	Disposals/ Reclassifications	December 31, 2019
Start-up and development costs	-	-	-	-
Other intangible fixed assets	3,645,174	28,784	-	3,673,958
Intangible Assets in progress	-	23,945	-	23,945
Intangible assets, gross	**3,645,174**	**52,729**	**-**	**3,697,903**
Land	172,000	-	-	172,000
Buildings on owned land	3,239,706	-	-	3,239,706
Buildings on land owned by third parties	-	-	-	-
Buildings, general facilities, fixtures and fittings	167,339	-	-	167,339
Technical facilities, equipment and tooling	4,676,777	73,767	(2,809)	4,747,736
General facilities, fixtures and fittings	441,384	-	-	441,384
Office and IT equipment and furniture	639,629	76,086	-	715,716
Property, plant and equipment in progress	43,102	-	(43,102)	-
Property, plant and equipment, gross	**9,379,938**	**149,853**	**(45,911)**	**9,483,880**
Advances and downpayments	-	-	-	-
Equity-accounted investments	-	-	-	-
Other equity investments	-	-	-	-
Receivables from equity investments	-	-	-	-
Other investment securities	-	-	-	-
Loans	-	-	-	-
Other non-current financial assets	107,950	692,000	-	799,950
Other non-current financial assets (treasury shares)	365,517	1,899,027	(1,821,346)	443,198
Non-current financial assets	**473,467**	**2,591,027**	**(1,821,346)**	**1,243,148**
TOTAL	**13,498,579**	**2,793,609**	**(1,867,257)**	**14,424,931**

2.4.2.Depreciation and amortization

In euros	January 1, 2019	Additions	Reversals	December 31, 2019
Start-up and development costs	-	-	-	-
Other intangible assets	(2,102,600)	-	(343,221)	(2,445,821)
Amortization and impairment of intangible assets	**(2,102,600)**	**-**	**(343,221)**	**(2,445,821)**
Land	-	-	-	-
Buildings on owned land	(1,281,109)	-	(185,381)	(1,466,489)
Buildings on land owned by third parties	-	-	-	-
Buildings, general facilities, fixtures and fittings	(64,943)	-	(10,323)	(75,266)
Technical facilities, equipment and tooling	(2,998,915)	1,109	(398,007)	(3,395,813)
General facilities, fixtures and fittings	(375,396)	-	(15,748)	(391,144)
Office and IT equipment and furniture	(398,342)	-	(84,295)	(482,637)
Immobilisations corporelles en cours	-	-	-	-
Depreciation and impairment of property, plant and equipment	**(5,118,704)**	**1,109**	**(693,754)**	**(5,811,349)**
TOTAL	**(7,221,304)**	**1,109**	**(1,036,975)**	**(8,257,170)**

2.4.3.Non-current financial assets. Liquidity agreement

	2019	2018
Cash account	260,756	31,085
Securities account	182,442	334,432
Impairment of securities account	-	(41,523)
Total	443,198	323,994

On January 19, 2018, the Company entered into a new liquidity agreement with Kepler Cheuvreux, replacing the previous liquidity agreement with Oddo BHF, for a period of 12 months renewable by tacit agreement. Under the terms of 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.

In 2019, the resources devoted to this liquidity agreement have been increased by €180 thousand for the 2019 financial year. At the date these financial statements were approved, the liquidity agreement with Kepler Chevreux was extended for a new period of 12 months from January 1, 2020.

2.4.4.Receivables and payables

	December 31, 2019		
Schedule of receivables	**Gross amount**	**1 year or less**	**More than 1 year**
Receivables from equity investments	-	-	-
Loans	-	-	-
Other non-current financial assets	1,243,148	-	1,243,148
Doubtful or disputed receivables	-	-	-
Other trade receivables	4,043	4,043	-
Receivables on loaned securities	-	-	-
Employee-related receivables	9,144	2,144	7,000
Recoverable payroll and other employee-related taxes	-	-	-
Income tax receivables	10,166,594	9,833,261	333,333
VAT receivables	1,415,844	1,415,844	-
Taxes, duties and similar levies receivable	-	-	-
Miscellaneous tax receivables	-	-	-
Group and associated company receivables	-	-	-
Other receivables	2,355,828	355,828	2,000,000
Sundry debtors	-	-	-
Prepaid expenses	882,340	877,958	4,382
Receivables	**16,076,941**	**12,489,078**	**3,587,862**
Loans granted during the year	-	-	-
Repayments collected during the year	-	-	-
Loans and advances granted to associated companies	-	-	-

Income tax receivables line item includes 19% of the 2017 CIR research tax credits ("CIR") and the entire 2018 and 2019 CIR research tax credits, as well as the tax loss carry back of €333 thousand recorded in December 31, 2017 (see Note 2.3.4 *"Research tax credits ("CIR")"*).

Other receivables primarily comprise the "Abbot Guarantee" to be paid, following the terms and conditions of an Additional Agreement modifying the APA and signed with LFSA and FIS. This agreement provides compensation for the Company up to a maximum amount of €2 million for any amount claimed by the French tax authorities in relation to the tax treatment of the subsidy paid by LFSA and FIS between 2012 and 2017.

Based on the ongoing discussions with the French tax authorities and the current tax audit litigation procedures, the maturity date of the "Abbot Guarantee" must be greater than one year (see Note 2.4.11.2 *"Provision for taxes and duties"*).

	December 31, 2019			
Schedule of payables	**Gross amount**	**1 year or less**	**Between 1 and 5 years**	**More than 5 years**
Convertible bonds	-	-	-	-
Other bonds	-	-	-	-
Loans and borrowings originally due in 1 year or less	-	-	-	-
Loans and borrowings originally due after 1 year	73,797	73,797	-	-
Miscellaneous loans and borrowings	41,789	-	41,789	-
Trade and other payables	3,013,654	3,013,654	-	-
Employee-related receivables	1,124,303	1,124,303	-	-
Accrued payroll and other employee-related taxes	1,041,114	1,041,114	-	-
Income tax receivables	-	-	-	-
VAT payables	601,300	601,300	-	-
Guaranteed bond payables (French State)	-	-	-	-
Taxes, duties and similar levies payable	244,125	244,125	-	-
Amounts payable on non-current assets	-	-	-	-
Group and associated company receivables	-	-	-	-
Other payables	6,423,008	4,490,571	1,932,437	-
Payables on borrowed securities	-	-	-	-
Deferred income	-	-	-	-
Liabilities	**12,563,089**	**10,588,863**	**1,974,226**	**-**
Loans taken out during the year	-			
Loans repaid during the year	146,136			
Loans taken out with associated companies	-			

Other payables with a maturity of more than one year are related to the amount claimed by the tax authorities following the tax audit carried out over the years 2013, 2014 and 2015.

This accrued expense is consecutive to a collection notice regarding to payroll taxes received by Inventiva on August 17, 2018 for an amount of €1.9 million, including penalties and late payment interest (see Note 2.4.11.2 *"Provision for taxes and duties"*).

2.4.5. Marketable securities

Movements in marketable securities in 2019 break down as follows:

Type of product	December 31, 2018	Increase	Decrease	December 31, 2019
Deposit accounts	41,766,625	9,000,000	(36,766,625)	14,000,000
UCITS	-	-	-	-
	41,766,625	9,000,000	(36,766,625)	14,000,000

Movements in marketable securities in 2018 break down as follows:

Type of product	December 31, 2017	Increase	Decrease	December 31, 2018
Deposit accounts	36,256,563	22,016,625	(16,506,563)	41,766,625
UCITS	5,044,825	-	(5,044,825)	-
	41,301,388	22,016,625	(21,551,388)	41,766,625

2.4.6. Accrued income

In euros	**December 31, 2019**	**December 31, 2018**
Trade receivables not yet invoiced	-	-
Trade receivables	**-**	**-**
Payroll taxes	-	-
Supplier credit notes not yet received	11,179	9,430
Other receivables	**11,179**	**9,430**
Miscellaneous accrued income	2,000,000	1,932,437
Accrued interest receivable	4,820	37,208
Banks and financial institutions	**4,820**	**37,208**
Accrued income	**2,015,998**	**1,979,075**

As of December 31, 2019, the financial statement item "*Miscellaneous accrued income*" of €2 million is related to ongoing tax audits for the payroll taxes (see Note 2.4.11.2 *"Provision for taxes and duties"*).

2.4.7. Accrued expenses

In euros	December 31, 2019	December 31, 2018
Suppliers-invoices not yet received	360,523	736,495
Trade and other payables	**360,523**	**736,495**
Fixed-asset supplier invoices not yet received	0	14,065
Amounts payable on non-current assets	**0**	**14,065**
Paid annual leave provision	443,539	470,750
Provision for monthly rest allowance	2,717	5,542
Bonus provision	525,143	526,066
Profit-sharing obligations	108,758	54,775
Employee salaries payable	40,000	37,726
Paid annual leave tax provision	193,709	207,648
Provision for tax on monthly rest allowance	1,187	2,444
Accrued tax on salaries payable	326,825	318,548
Accrued expenses (French State)	150,470	171,970
Accrued taxes and employee-related expenses	**1,792,348**	**1,795,469**
Accrued credit notes and discounts/allowances	-	-
Miscellaneous accrued expenses	1,945,757	1,936,346
Accrued R&D expenses	3,970,787	2,776,541
Accrued general and administrative expenses	506,463	880,187
Other payables	**6,423,007**	**5,593,074**
Accrued interest payable	3,257	4,911
Accrued interest on short-term debt	**3,257**	**4,911**
Accrued expenses	**8,579,134**	**8,144,014**

Increase in other payables over the period can be broken down as follows:

- Increase in unbilled research and development costs totaling €1,994 thousand;
- No accrued general and administrative expenses related to funding projects, as compared to €300 thousand as of December 31, 2018.

Miscellaneous accrued expenses line item includes the sum requested by the French tax authorities in the collection notice related to the tax audit of the 2013, 2014 and 2015 fiscal years, with regard to payroll taxes. It corresponds to an accrued expense to the French tax authorities recognized following the receipt on August 17, 2018 of the collection notice with respect to payroll taxes, for an amount of €1.9 million (see Note 2.4.11.2 "*Provisions for taxes and duties*").

2.4.8. Prepaid expenses and income

In euros	Dec. 31, 2019	Dec. 31, 2018
Prepaid operating expenses	882,340	1,593,944
Prepaid expenses	**882,340**	**1,593,944**

The majority of prepaid expenses amounting to €882 thousand at December 31, 2019 correspond to IT maintenance costs, patent maintenance fees and insurance contributions paid in respect of first quarter 2020. At December 31, 2018, prepaid expenses also included rents relating to fibroscans and certain ad hoc scientific work billed in advance.

In euros	Dec. 31, 2019	Dec. 31, 2018
Deferred operating income	-	-
Deferred operating income	**-**	**-**
Deferred non-recurring income	-	-
Non-recurring deferred income	**-**	**-**
TOTAL DEFERRED INCOME	-	-

As at December 31, 2019, no deferred income had been recorded.

2.4.9. Statement of changes in shareholders' equity

For 2019, the changes in shareholders'equity are as follows:

In euros	Opening balance	Increase	Decrease	Closing balance
Paid-up share capital	222,573	45,888	-	268,461
Additional paid-in capital	77,460,125	8,876,084	(325,092)	86,011,118
BSA stock warrants	104,131	57,480	-	161,611
Net income (loss) for the period	(31,956,860)	(30,802,924)	31,956,860	(30,802,924)
Legal reserve	39,020	-	-	39,020
Retained earnings	14,468,113	(31,956,860)	(100)	(17,488,847)
Equipment subsidy received	8,366,818	-	-	8,366,818
Subsidy taken to income statement	(4,594,812)	(398,120)	-	(4,992,932)
Shareholders' equity	**64,109,108**	**(54,178,451)**	**31,631,668**	**41,562,325**

For 2018, the changes in shareholders'equity were as follows:

In euros	Opening balance	Increase	Decrease	Closing balance
Paid-up share capital	164,445	58,128	-	222,573
Additional paid-in capital	44,991,815	35,547,484	(3,079,174)	77,460,125
BSA stock warrants	104,131	-	-	104,131
Net income (loss) for the period	(10,135,461)	(31,956,860)	10,135,461	(31,956,860)
Legal reserve	39,020	-	-	39,020
Retained earnings	24,604,174	(10,135,461)	(600)	14,468,113
Equipment subsidy received	8,366,818	-	-	8,366,818
Subsidy taken to income statement	(4,162,070)	(432,743)	-	(4,594,813)
Shareholders' equity	**63,972,872**	**(6,919,452)**	**7,055,687**	**64,109,107**

2.4.10. Breakdown of share capital

The share capital is set at €268,641.12 at December 31, 2019 divided into 26,846,112 fully authorized, subscribed and paid-up shares with a nominal value of €0.01.

Changes in share capital during the years ended December 31, 2019 and 2018 are as follows:

Date	Nature of the transactions	Share capital	Premium	Number of shares	Par value
Balance as of January 1st, 2018		**164,444**	**44,991,815**	**16,444,477**	**0.01**
01/26/2018	**A**	1,803	106,384	180,300	0.01
04/17/2018	**B**	55,726	35,441,100	5,572,500	0.01
04/17/2018	**C**	-	(3,079,174)	-	-
07/18/2018	**D**	600	-	60,000	0.01
Balance as of December 31, 2018		**222,573**	**77,460,125**	**22,257,277**	**0.01**
01/25/2019	**E**	274	17,693	27,400	0.01
01/26/2019	**F**	100	-	10,000	0.01
04/18/2019	**G**	775	(775)	77,500	0.01
09/19/2019	**H**	41,600	8,236,798	4,159,999	0.01
10/02/2019	**I**	3,139	621,593	313,936	0.01
10/02/2019	**J**	-	(324,317)	-	-
Balance as of December 31, 2019		**268,461**	**86,011,118**	**26,846,112**	**0.01**

Nature of the transactions	
A	Capital increase by issuance of ordinary shares – Partial exercice of 1,803 BSPCE by certain Company employees
B	Capital increase by issuance of ordinary shares – Private placement
C	Transaction costs related to the Company's private placement
D	Capital increase by issuance of ordinary shares - Vesting of 60,000 AGA free shares by certain Company employees
E	Capital increase by issuance of ordinary shares – Partial exercice of 27,400 BSPCE by certain Company employees
F	Capital increase by issuance of ordinary shares - Vesting of 10,000 AGA free shares by certain Company employees
G	Capital increase by issuance of ordinary shares - Vesting of 77,500 AGA free shares by certain Company employees
H	Capital increase by issuance of ordinary shares – Private placement
I	Capital increase by issuance of ordinary shares – Private placement
J	Transaction costs related to the Company's private placement

The main impacts on the share capital during the two periods presented relate to a private placement in 2018 and a private placement in 2019 (see Note 2.1.1 *"Capital increase"*).

Movements related to share warrant plans and free share award plans are described in section 2.3.1 "*Opening the share capital to employees"*.

2.4.11. Provisions for contingencies and losses

In euros	January 1, 2019	Increase	Decrease	December 31, 2019
Retirement benefits	1,029,490	97,734	-	1,127,224
Provision for tax contingencies	1,498,409	338,848	-	1,837,257
Provisions for contingencies and losses	**2,527,899**	**436,582**	**-**	**2,964,481**

2.4.11.1. Provision for termination benefits

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). These rights depend on the employee's final salary and seniority within the Company at his/her retirement date. The expense recognized in the income statement amounted to €98 thousand for the year ended December 31, 2019 and €204 thousand for the year ended December 31, 2018. This expense is not deductible for tax purposes.

2.4.11.2. Provision for taxes and duties

Provisions booked at December 31, 2019 and 2018 are linked to the following events:

- In July 2016, the French tax authorities carried out a tax audit of the 2013, 2014 and 2015 fiscal years, which resulted in it calling into question two items: payroll taxes and the CIR research tax credit.
- In September 2019, the authorities carried out another tax audit of the 2016, 2017 and 2018 fiscal years pertaining solely to payroll taxes.
- In December 2019, as a result of these audits, the tax authorities elected to retain part of the 2017 CIR research tax credit, which the Company is contesting.

- Payroll taxes

Year ended December 31, 2018

Following the abovementioned tax audit for the 2013, 2014 and 2015 fiscal years, the Company received a proposed tax adjustment for the three fiscal periods audited relating to the classification of the subsidy granted (subject to conditions) in 2012 by Laboratoire Fournier and Fournier Industrie et Santé (now the Abbott group) ("LFSA and FIS") under the Asset Purchase Agreement ("APA").

Despite the appeal to a higher administrative authority and challenge lodged with its departmental delegate by the Company, a collection notice with respect to payroll taxes was received by Inventiva on August 17, 2018 for an amount of €1.9 million, including penalties and late payment interest.

Under the terms and conditions of an Additional Agreement modifying the APA, LFSA and FIS agreed to indemnify the Company up to a maximum amount of €2 million in accordance with the conditions described therein, for any amount claimed by the French tax authorities in relation to the tax treatment of the subsidy paid by LFSA and FIS between 2012 and 2017 (the "Abbott Guarantee").

The Company lodged a claim together with an application for a stay of payment on October 17, 2018 and, at December 31, 2018, continued to dispute the adjustment.

Based on the ongoing discussions with the French tax authorities on the one hand and the terms of the Additional Agreement on the other, the Abbott Guarantee may not be sufficient to fully cover the total amount of the tax adjustment and the tax risk.

Accordingly, at December 31, 2018:

- following receipt of the collection notice and in accordance with the Additional Agreement, accrued expenses and accrued income were recognized in a total amount of €1.9 million for the financial years ended December 31, 2013, 2014 and 2015, which are the subject of the audit and are covered by the Abbott Guarantee; and
- the Company has recognized a provision of €1.1 million for the years ended December 31, 2016 and December 31, 2017 (which have not been audited by the French tax authorities and for which the subsidies are still valid).

This had a €1.1 million impact on the income statement for the year ended December 31, 2018.

Year ended December 31, 2019

The request for stay of payment lodged on October 17, 2018 was accepted on February 11, 2019 by the tax authorities following the proposal by the Company to provide a surety in the form of a bank guarantee (see notes 1.2 "Significant events" and 22 "Off-balance sheet commitments"). Following the tax audit carried out in 2019 of the Company's payroll taxes for fiscal years 2016, 2017 and 2018, the Company received a proposed tax adjustment of €1.7 million (including penalties and late payment interest) in December 2019. This proposed measure gives rise to a potential adjustment of €0.5 million (including penalties and late payment interest) for 2018, which the Company is challenging under the ongoing contentious procedure.

Accordingly, at December 31, 2019:

- The provision for fiscal years 2016 and 2017 has been increased to €1.3 million (from €1.1 million at December 31, 2018), with the difference corresponding to additional late payment interest.
- No other provision has been booked for fiscal year 2018 following the proposed adjustment received in December 2019 as the Company believes that the authorities will most likely grant it a concession given its current situation and given that the subsidy pertaining to the APA terminated in August 2017.

This had a €0.1 million impact on the income statement for the year ended December 31, 2019.

At the date these financial statements were approved, the Company had filed:

- a claim on October 17, 2018 disputing the adjustments;
- an application instituting proceedings with the Dijon Administrative Court (Tribunal Administratif de Dijon) on September 2, 2019. At the date these financial statements were approved, the Company had not yet received a response from the tax authorities.
- At the date these financial statements were approved, the Company was preparing its response to the proposed payroll tax adjustment received in December 2019 following the audit carried out for fiscal years 2016 to 2018.

- CIR research tax credit for fiscal years 2013 to 2015

Following the tax audit, for fiscal years 2013 to 2015, on August 1, 2017, the Company received a proposed tax adjustment from the tax authorities disputing the way in which certain CIR inputs were calculated over the three fiscal periods audited.

Despite the challenges lodged by the Company, a collection notice was received by Inventiva on August 17, 2018 for an amount of €1.9 million, including penalties and late payment interest.

The Company disputed the notice and implementation of the procedure pending interlocutory proceedings via a claim lodged on August 29, 2018. This was accompanied by a request for a stay of payment and an additional claim lodged with the tax authorities on January 7, 2019. The Company has requested a complete discharge of the amounts claimed in respect of the CIR research tax credits.

At December 31, 2018, in view of ongoing discussions and the challenges lodged, the Company estimated the maximum risk in respect of the CIR research tax credit at €0.4 million and this amount was covered by a provision recorded in the financial statements.

This had a €0.1 million impact on the income statement for the year ended December 31, 2018 (reversal of part of the provision at December 31, 2017 following a more accurate assessment of the risk incurred).

At the date these financial statements were approved, the Company was still awaiting a decision concerning the claims lodged with the tax authorities, and no additional provision was recorded in 2019.

The Company began mediation with the authorities on January 7, 2020.

- CIR research tax credit for fiscal year 2017

By the final quarter of 2019, the Company had received 81% of the 2017 research tax credit, namely €3.6 million out of the €4.5 million initially requested (see Note 1.2. "Significant events"). As of December 31, 2019, taking into account ongoing discussions and the challenges lodged, the Company estimates the maximum risk associated with the 2017 research tax credit at €0.2 thousand, and this amount is fully covered by a provision recorded in the financial statements for the year ended December 31, 2019.

This had a €0.2 million impact on the income statement for the year ended December 31, 2019.

2.4.12. Borrowings

In 2015, Inventiva was granted three loans:

- A loan from Crédit Agricole agreed on April 23, 2015 for €285.0 thousand at a fixed annual rate of 1.32% repayable in regular installments over a 60-month term. This pledge on this loan was released in 2017.
- A loan from CIC-Lyonnaise de Banque agreed on May 11, 2015 for €178.3 thousand at a fixed annual rate of 1.50% repayable in regular installments over a 60-month term. This pledge on this loan was released in 2018.
- A loan from Société Générale agreed on June 30, 2015 for €254.0 thousand at a fixed annual rate of 0.90% repayable in regular installments over a 60-month term.

			Payments due during the period			Outstanding balance at closing date			
Borrowing	Outstanding balance at opening date	Loans agreed during the period	Total	Principal	Interest	Total	1 year or less	Between 1 and 5 years	More than 5 years
CA – €285,000	77,847	-	58,933	58,257	676	19,590	19,590	-	-
CIC – €178,300	51,883	-	37,036	36,508	528	15,374	15,374	-	-
SG – €254,000	90,203	-	51,971	51,370	600	38,832	38,832	-	-
Other	-	-	-	-	-	-	-	-	-
TOTAL	**219,933**	**-**	**147,940**	**146,136**	**1,804**	**73,797**	**73,797**	**-**	**-**

No new loan facilities were negotiated in 2019.

2.5. Notes to the income statement

2.5.1. Breakdown of net revenue from sales

The Company has signed three main contracts:

- a first partnership, "the Master Research Service Agreement", signed with Abbott in 2012 (still ongoing);
- a second partnership, the "BI Agreement", signed with Boehringer Ingelheim in 2016 (interrupted in 2019);
- a service agreement signed with Enyo in 2016 (contract ended in 2019).

Revenue generated by these contracts is shown in the following table:

Breakdown of sales by type	2019	2018	Change
AbbVie	3,585,000	847,500	2,737,500
Boehringer Ingelheim (BI)	473,963	1,036,500	(562,537)
Enyo	392,981	1,131,201	(738,220)
Other research-related revenue	23,962	3,504	20,458
Other (including leases)	301,966	284,300	17,666
TOTAL	**4,777,872**	**3,303,005**	**1,474,867**

The variation in revenue may be analyzed as follows:

- **AbbVie**. The receipt of the €3.5 million milestone payment with respect to the ABBV-157 program following the achievement of a development milestone related to the enrollment of the first patient in the ongoing clinical trial carried on by AbbVie (see Note 2.1.2 *"Research partnership with Abbvie"*).
- **BI**. In 2018, revenue consisted of quarterly payments corresponding to the compensation of the researchers assigned to the program, based on the number of full-time equivalents (FTEs). In 2019, these payments continued until the third quarter. Then, following internal reorganization within the BI's scientific management, this collaboration ended, and no payment was received in the fourth quarter (see Note 2.1.3 *"Research and development partnership with Boehringer Ingelheim"*).
- **Enyo**. This is a service agreement in two phases. The second phase began in April 2018. This contract ended in March 2019.
- **Other research-related revenue**. For the year ended December 31, 2019, the other research-related revenue essentially corresponds to a single service of €12 thousand signed and carried out during the year.

Revenue breakdown by geographic market is as follows:

Breakdown of sales by geographic market	2019	2018	Change
United States	3,585,000	847,500	2,737,500
European Union	473,963	1,036,500	-562,537
France	718,909	1,419,005	-700,096
Rest of the world	0	0	0
TOTAL	**4,777,872**	**3,303,005**	**1,474,867**

2.5.2.Non-recurring income and expenses

Type of expense	Dec. 31, 2019	Dec. 31, 2018	Change
Project financing fees	322,679	2,221,271	(1,898,592)
Redundancy plan	1,096,222	-	1,096,222
Penalties - fines	432	51	381
Carrying amount of disposed assets	1,700	-	1,700
Liquidity agreement penalties	224,970	96,362	128,608
Other non-recurring expenses	-	1,932,437	(1,932,437)
Additions to non-recurring provisions	123,194	1,140,333	(1,017,139)
TOTAL	**1,769,198**	**5,390,454**	**(3,621,256)**

Type of income	Dec. 31, 2019	Dec. 31, 2018	Change
Part of equipment subsidy taken to income statement	398,120	432,743	(34,623)
Asset disposal	-	300	(300)
Liquidity agreement premiums	122,651	70,045	52,606
Other non-recurring income	67,563	1,932,437	(1,864,874)
TOTAL	**588,334**	**2,435,525**	**(1,847,191)**

In 2019, non-recurring income and expenses comprised advisory expenses related to fundraising activities, fees related to the redundancy plan, gain and losses on liquidity agreements and the Part of equipment subsidy taken to income statement. The main amounts are detailed below:

- Fundraising activities generated an expense of €0.3 million in 2019, compared to €2.2 million in 2018 (see Note 2.1.1 *"Capital increase"*).
- Following negative results of the FASST clinical study early 2019, a redundancy plan was implemented, resulting to a non-recurring expense of €1.1 million in 2019 (see Note 2.1.9 *"Approval and implementation of a redundancy plan"*).

In 2018, non-recurring income and expenses were mainly composed of:

- a non-recurring expense of €1.9 million following the receipt of the collection notice relating to payroll taxes issued as part of the tax audit for fiscal years 2013 to 2015. This expense was offset by non-recurring income for the same amount relating to the Abbott Guarantee.
- a non-recurring provision was recorded in 2018 for an amount of €1.1 million to cover the tax risk relative to payroll taxes for the 2016 and 2017 fiscal years.

2.5.3.Expense reclassifications

Type of reclassification	**Dec. 31, 2019**	**Dec. 31, 2018**
Benefits in kind	53,534	50,078
Insurance repayment	-	-
French training tax organization (OPCA) rebilling	6,758	7,613
French employment center (Pôle emploi) subsidies	-	-
Apprentice bonus	-	-
Apgis health and personal risk insurance repayment	20,279	15,591
Miscellaneous	881	-
Type of reclassification	**81,452**	**73,282**

2.5.4.Operating subsidies

R&D program subsidy	**2019**	**2018**
ANR	-	-
Eurostars	-	15,973
Miscellaneous	-	-
TOTAL	-	15,973

Operating subsidies decreased by €15 thousand euros compared to the previous year. No new grant applications were submitted by the Company in fiscal year 2019.

2.5.5. Other purchases and external charges

	2019	2018	Change
Utility expense (water, heating, etc.)	625,225	610,673	14,552
Laboratory disposables and delivery costs	1,571,547	2,264,269	(692,722)
General and administrative expenses for subcontracting	67,777	63,794	3,983
Leasing costs	130,322	99,425	30,898
Maintenance costs	1,688,343	1,616,243	72,101
Insurance (o/w clinical)	295,729	261,993	33,736
Scientific subcontracting (o/w patents)	19,811,446	17,514,569	2,296,877
Documentation costs	191,505	169,790	21,716
Outside staff and services	2,187,409	2,671,700	(484,291)
Hospitality, communication and travel costs	899,066	1,187,163	(288,097)
TOTAL	27,468,369	26,459,618	1,008,752

The significant variation in this income statement heading is due to the increase in expenditure associated with scientific subcontracting and outside staff as the lanifibranor and odiparcil projects ramp up.

Laboratory disposables and delivery costs significant decrease in 2019 is primarily due to:

- The decrease in research department staff (in connection with the redundancy plan, see Note 2.1.9 *"Approval and implementation of a redundancy plan"*).
- The end of research services provided with respect to the partnership with Abbvie (see Note 2.1.2 *"Research partnership with Abbvie"*).
- The termination of the research and development partnership with BI (see Note 2.1.3 *"Research and development partnership with Boehringer Ingelheim"*).

At December 31, 2019, outside staff and services decreased by €484 mainly resulting from the decrease of certain fees for €460 thousand (renegotiation of scientific subcontracts, recruitment fees, legal and consultancy fees, marketing), offset by an increase in legal audit fees related to the development partners for an amount of €176 thousand.

2.5.6.Average headcount and headcount at year-end

	Headcount	Average nb. of employees	Employees at the end of the period
12/31/2019	Managers	56,90	50,00
	Senior executives	2,00	3,00
	Administrative staff	4,80	4,00
	Operational staff	-	-
	Supervisors and technicians	42,70	31,00
	TOTAL	106,40	88,00

	Headcount	Average nb. of employees	Employees at the end of the period
12/31/2018	Managers	52,90	53,00
	Senior executives	2,00	2,00
	Administrative staff	5,10	5,00
	Operational staff	-	-
	Supervisors and technicians	50,30	53,00
	TOTAL	110,30	113,00

2.5.7.Breakdown of income tax

For the year ended as of December 31, 2019, the Company's tax position is as follows:

Breakdown	Income (loss) before tax	Tax due	Net income (loss) after tax
Recurring income (loss)	(33,918,592)	4,296,532	(29,622,060)
Net non-recurring income (loss)	(1,180,864)	-	(1,180,864)
TOTAL	(35 099 456)	4 296 532	(30 802 924)

For the year ended as of December 31, 2018, the Company's tax position was as follows:

Breakdown	Income (loss) before tax	Tax due	Net income (loss) after tax
Recurring income (loss)	(33,972,520)	4,970,588	(29,001,932)
Net non-recurring income (loss)	(2,954,928)	-	(2,954,928)
TOTAL	(36,927,448)	4,970,588	(31,956,860)

2.5.8. Breakdown of corporate income tax and tax credits

Income tax	2019	2018
Tax rebate for philanthropic activities	3,960	9,909
CIR	4,292,572	4,837,169
CICE tax credits	-	123,510
Tax loss carry backs	-	-
TOTAL	4,296,532	4,970,588

The Company generated a tax loss for the third year in a row. As of December 31, 2019, the tax loss carryforward amounts to €93.3 million.

2.5.9. Statutory Auditors' fees

	2019	%	2018	%
Audit services				
- Issuer	397,945	*94%*	149,300	*24%*
- Fully consolidated subsidiaries				
Subtotal	397,945	*94%*	149,300	*24%*
Non-audit services[(1)]				
- Issuer	27,356	*6%*	478,269	*76%*
- Fully consolidated subsidiaries				
Subtotal	27,356	*6%*	478,269	*76%*
Total	425,301	*100%*	627,569	*100%*

(1) **The non-audit services provided by the Statutory Auditors to the Company include:**

- certification relating to environmental, labor and societal data;
- certification relating to R&D expenditure;
- reports issued in relation to the raising of funds;
- reports on equity instruments.

2. Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' 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 auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors 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.

Inventiva S.A.

Registered office: 50, rue de Dijon - 21121 Daix

Statutory auditors' report on the financial statements

For the year ended December 31, 2019

To the Shareholders of Inventiva S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Inventiva S.A. for the year ended December 31, 2019.

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, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matter

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Risks Relating to the Tax Audits

Notes 2.1 and 2.4.11.2 to the financial statements

Key Audit Matter

Inventiva S.A. was subject to a tax audit for the financial years 2013 to 2015 and, as such, received on August 17, 2018 a collection notice relating to payroll taxes and Research Tax Credit amounting to respectively 1,9 million euros and 1,9 million euros, including penalties and late payment interest. In 2019, Inventiva S.A. was subject to a new tax audit for the financial years 2016 to 2018 and received a reassessment proposal in December 2019 amounting to 1,7 million euros, including penalties and late payment interest.

As of December 31, 2019, both reassessments are related to:

- the classification of the subsidy granted in 2012 by Laboratoires Fournier S.A. "LFSA"and Fournier Industrie Santé "FIS" (Abbott Group) under the Asset PurchaseAgreement regarding payroll taxes for the financial years 2013 to 2018;
- certain items used to calculate the research tax credit for the financial years 2013 to2015.

With regard to the first matter, Inventiva is disputing this reassessment in full, through a claim filled in October 2018 and filled a motion application to Administrative Court of Dijon. Moreover, pursuant to the terms of an Additional Agreement modifying the Asset Purchase Agreement, LFSA and FIS has undertaken to reimburse the Company a maximum amount of €2,0 million (subject to the conditions set out in the agreement) for all claims by the French tax authorities relating to the accounting treatment of the subsidy granted by LFSA for the financial years 2012 to 2017.

Based on the ongoing discussions with the French tax authorities and the terms of the Additional Agreement, the guarantee from Abbott is not sufficient to fully cover the total amount of the tax adjustment for the financial years 2013 to 2018. As a consequence, Inventiva has booked as early as December, 31 2018:

- an accrued expense and an accrued income amounting to €1,9 million for the financialyears 2013 to 2015 which are the subject of the audit and are covered by the AbbottGuarantee. As at December 31 2019, the accrued income has been increased to €2,0millions corresponding to the maximum of maximum reimbursement as part of the"Asset Purchase Agreement"
- a provision of €1,1 million for the years ended December 31, 2016 and December 31,2017. As at December 31 2019, this provision has been increased to €1,3 million tocover risk related to penalties and late payment interests.

Inventiva S.A. did not book any additional provision to cover risk related to payroll taxes for 2018 financial year because management believe that Inventiva will be granted administrative tolerance in the light of its situation, as the subsidy granted as part of the APA has ended in August 2017.

With regard to the second matter, Inventiva is disputing this reassessment, through a claim filled in August 2018. In addition, a conciliation has been engaged with tax French authority in January 2020. As at December 31, 2019, maximum risk assessed by management amounts to €0,4 million, and has been fully booked as early as December 31, 2018.

In view of Inventiva's exposure pursuant to this tax audit and the judgment exercised by Management in estimating risks and recorded amounts, we considered that the measurement of risks relating to the ongoing tax audits was a key audit matter.

Audit response

We assessed the reasonableness of the estimates made by Management to determine the amount of provision of risks relating to the ax audits being conducted by the French tax authorities. Therefore our work consisted, in connection with our tax experts:

- understanding the design and implementation of the procedure implemented by theCompany to estimate the provision of risks relating to the ax audits and tested theoperating effectiveness of the relevant controls;
- conducting interviews with Management to assess the current status of theinvestigations and adjustments notified by the French tax authorities;

- reviewing recent correspondences between the Company and the French taxauthorities;
- reviewing the correspondence on this matter between the Company and its lawyers;
- analyzing the information on the ongoing proceedings and their probable financialconsequences, provided to us by the Company's lawyers in response to ourconfirmation requests;
- reviewing Management's estimates and positions.

We also assessed the appropriateness of the disclosures made in Notes 2.1 and 2.4.11.2 to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and] in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Board of Directors report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Inventiva S.A. by the annual general meeting held on August 23, 2012.

As at December 31, 2019, we were in the 8th year of total uninterrupted engagement, which is the 3rd year since the shares of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The statutory auditor

French original signed by Cédric Adens on the March 9, 2020