INVENTIVA S.A.
A joint-stock company (*société anonyme*) with a share capital of €164,444.77
Registered office: 50, rue de Dijon, 21121 Daix, France
Dijon Trade and Companies Register 537 530 255

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2017

GENERAL REMARKS

Definitions

In this document, and unless otherwise specified, the terms "Inventiva" or the "Company" are taken to mean the company Inventiva S.A. with its registered office at 50, rue de Dijon, 21121 Daix, France, and which is listed with the Dijon Trade and Companies Register under number 537 530 255.

Forward-looking information

This Interim Financial Report may contain information about the Company's objectives and development priorities. This information is sometimes identified by the usage of the future, the conditional or terms such as "consider", "anticipate", "think", "aim", "expect", "understand", "should", "seek", "estimate", "believe", "wish", "can" or, where applicable, the negative form of these same terms, or any other variants or similar terminology.

The reader's attention is drawn to the fact that these objectives and development priorities are dependent on circumstances or facts that cannot be certain to occur or materialize.

These objectives and development priorities are not historical data and should not be interpreted as a guarantee that the facts or data will occur, that the assumptions will be proven correct or that the objectives will be achieved. By their very nature, these objectives might not be achieved and any representations or information given in this Interim Financial Report may prove to be incorrect. The Company has no obligation whatsoever to update this information, subject to the applicable regulations and, in particular, the General Regulation of the French Financial Markets Authority (*Autorité des marchés financiers* – AMF).

Market and competitive position

This Interim Financial Report also contains information about the Company's activities and the markets on which it operates. This information comes from studies or surveys carried out internally or externally. Other information contained in this Interim Financial Report is available to the general public. The Company considers that all of this information is reliable but it has not been verified by an independent expert. The Company cannot guarantee that a third party using different methods to gather, analyze or calculate market data would obtain the same results.

Rounding of figures

Certain figures (including data expressed in thousands or millions of euros or dollars) and the percentages presented in this Interim Financial Report have been rounded up or down. Accordingly, totals given may vary slightly from those obtained by adding the exact (unrounded) values of those same figures.

Abbreviations

Certain figures are given in thousands or millions of euros and are indicated as € thousand or € million respectively.

1. PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

Frédéric Cren
CEO of Inventiva S.A.

1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, (i) the condensed financial statements for the prior half year have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit of the Company, and (ii) that the Interim Financial Report provides a true and fair view of the significant events that occurred during the first six months of the year and their impact on the statements, the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

September 26, 2017

Frédéric Cren
CEO of Inventiva S.A.

1.3 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

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2. INTERIM FINANCIAL REPORT

2.1 Significant events of the period

2.1.1 Operations and product portfolio

Inventiva is a biopharmaceutical company with several drug candidates at clinical and preclinical stages whose objective is to develop and provide patients with new therapies. The focus of the Company's Research and Development (**R&D**) department targets three promising areas, namely fibrotic diseases (which cause 45% of deaths in the developed world), the treatment of certain forms of lysosomal diseases and oncology with a priority on the development of indications for orphan diseases for which the unmet medical need and the regulations in force allow an accelerated development program[1].

The 2016 Registration Document describes the Company's main clinical and preclinical programs. The significant events that took place in the first six months of 2017 in relation to these programs are as follows:

Lanifibranor secured as the international non-proprietary name (INN) for IVA 337, the first next generation panPPAR α, δ and γ agonist to receive the fibranor suffix

The World Health Organization (WHO) has registered the international non-proprietary name (INN) of lanifibranor for IVA 337, Inventiva's flagship drug candidate, currently in Phase IIb development trials as a treatment for systemic sclerosis (SSc) and non-alcoholic steatohepatitis (NASH). Lanifibranor is the first next-generation panPPAR α, δ and γ agonist to receive the fibranor suffix.

Positive results from the 12-month toxicity study of lanifibranor on primates: no adverse clinical symptoms including those usually associated with PPARγ receptors were observed

In May, Inventiva announced results of a 12-month non-human primate toxicology study with lanifibranor. No undesirable clinical symptoms, including those usually associated with PPARγ receptors, were observed during the treatment period, regardless of the dosage. Inventiva is also currently carrying out two 24-month carcinogenicity studies in rodents and, once these are completed, it will have by mid-2018 the necessary toxicology package required to potentially move into Phase III clinical trials and request regulatory filing.

Lanifibranor (formerly IVA 337) as a treatment for NASH

Phase IIb NATIVE clinical trial for the treatment of NASH underway in Europe, Canada and Australia

Launched in February 2017, the Phase IIb NATIVE (NASH Trial to Validate IVA 337 Efficacy) clinical trial is a randomized, double-blind, multicenter, placebo-controlled clinical trial on patients suffering from NASH. The study will investigate the safety and efficacy of two doses of lanifibranor (800 and 1200 mg/day) over a 24-week period. Enrollment in the Phase IIb NATIVE study is progressing, but is running behind the original schedule due to increased competition for patients at clinical trial sites. As a result, Inventiva plans to open new sites in countries where the clinical trials are currently underway (Europe, Australia and Canada). The Company now expects the results of the trial to be ready in early 2019, rather than in mid-2018 as initially planned.

[1] Source: *The Journal of Clinical Investigation; Common and unique mechanisms regulate fibrosis in various fibroproliferative diseases; March 2007.*

Data presented at the 2017 International Liver Congress, the annual conference of the European Association for the Study of the Liver (EASL), in support of the potential use of lanifibranor as a treatment for NASH

Preclinical work on lanifibranor was featured in a poster presentation at the 2017 International Liver Congress™ which took place in Amsterdam, in April. The findings demonstrated that lanifibranor inhibits the development of NASH through the normalization of different metabolic parameters such as insulin-resistance, activation of fatty acid β-oxidation, and inhibition of the inflammasome known to be a trigger of liver inflammation and fibrosis. Lanifibranor also triggers the strong reversal of the existing hepatic fibrosis, thanks to its PPARγ component.

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

Lanifibranor (formerly IVA 337) as a treatment for systemic sclerosis (SSc)

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

The Phase IIb FASST (For A Systemic Sclerosis Treatment) study of lanifibranor as a treatment for systemic sclerosis (SSc) now has over 125 randomized patients, just shy of its target of at least 132 patients. Enrollment should be completed as planned by the end of the year and headline results are expected as scheduled during the second half of 2018. The 48-week FASST study is measuring changes from baseline in the Modified Rodnan Skin Score for two different doses of lanifibranor, compared to placebo.

Odiparcil (formerly IVA336)

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

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

Launch of the biomarkers study for odiparcil in the United States

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

Strengthening of odiparcil intellectual property rights in the United States

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

2.1.2 Other significant events

Initial public offering

In the first half of 2017, Inventiva successfully completed its initial public offering (IPO) on Euronext Paris by way of an Open Price Offering (OPO) and a Global Placement. The operation and its impact on the Company's financial statements are described in section 2.1.2 of the Condensed Interim Financial Statements for the six months ended June 30, 2017 in section 4.2 of this Interim Financial Report.

Liquidity agreement

On February 22, 2017, after Inventiva was admitted to trading on the Euronext market, the Company entered into a liquidity agreement with an investment services provider (ISP). The provisions of the liquidity agreement are described in section 2.1.2 of the Condensed Interim Financial Statements for the six months ended June 30, 2017 in section 4.2 of this Interim Financial Report.

New BSA share warrant and bonus share award plans

On April 18, 2017, the Company's Board of Directors decided to award two bonus share issue plans to certain Company employees as well as a new BSA plan. The provisions of these plans are described in section 2.1.2 of the Condensed Interim Financial Statements for the six months ended June 30, 2017 in section 4.2 of this Interim Financial Report.

2.2 Events after the reporting date and outlook

Exercise of the option by Boehringer Ingelheim to jointly develop potential new treatments for idiopathic pulmonary fibrosis (IPF) triggering a milestone payment of €2.5 million (received on September 22, 2017)

In September 2017, Boehringer Ingelheim exercised its option under the partnership agreement entered into with Inventiva in May 2016 to research and discover drugs.

The joint research team has validated a new target and data generated in the program supports its therapeutic potential in fibrotic conditions. Idiopathic pulmonary fibrosis (IPF) has been selected as the first indication to be investigated. Boehringer Ingelheim's exercise of this option triggered a milestone payment to Inventiva of €2.5 million.

Under the terms of the partnership agreement, Inventiva is eligible to receive research funding, milestone payments of up to €170 million, and tiered royalty payments for any commercial products resulting from this partnership.

Presentation of the latest results on lanifibranor at the 15th International Workshop on Scleroderma Research in the United States demonstrating its potential as a treatment for the vascular complications linked to SSc

In August, Inventiva presented the latest results with lanifibranor at the 15th International Workshop on Scleroderma Research at the University of Pittsburgh in the United States. The abstract, entitled *PAN-PPAR Agonist IVA 337 is Effective in the Prevention of Experimental Lung Fibrosis and Pulmonary Hypertension*, was selected among the best papers at the event.

The new data shows that lanifibranor has a substantial preventative effect against the development of pulmonary fibrosis, and it can help to restore respiratory capacity and inhibit the remodeling of pulmonary arteries, with a positive impact on pulmonary arterial pressure. This broad spectrum of activity shows that in addition to the positive effects already proven previously against skin fibrosis, lanifibranor has potential as a treatment for the cardiorespiratory effects of SSc.

Presentation of new preclinical data on odiparcil at the MPS Society's National Conference demonstrating its efficacy in several organs not treated by enzyme replacement therapy

At a closed session at the MPS Society National Conference in July, Professor Chris Hendriksz, of FYMCA Medical Ltd. and University of Pretoria, South Africa, presented new pre-clinical data on odiparcil, which will further its potential to be the first available oral substrate reduction therapy for MPS VI patients. The data obtained in a genetic mouse model for MPS VI demonstrate that odiparcil restored a normal corneal structure in the eye, reduced GAG accumulation in the liver, kidney, spleen, heart, eye and skin of diseased animals, produced a dose-dependent reduction of cartilage thickness in the trachea and femoral growth plate and also improved mobility in the diseased animals.

Award of orphan drug designation for odiparcil as a treatment for MPS VI in the United States and Europe

In August 2017, the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA) both granted odiparcil orphan drug designation as a treatment for MPS VI. The designations confirm odiparcil's potential to improve existing treatment options.

Orphan Drug Designation is granted by the FDA to novel therapeutics for diseases or conditions affecting fewer than 200,000 patients in the United States or greater than 200,000 patients if there is no reasonable expectation that the production cost of the drug will be covered by its sales. The designation allows the drug developer to be eligible for a seven-year period for US marketing exclusivity upon approval of the drug, as well as, in some cases, tax credits for clinical research costs, the ability to apply for annual grant funding, clinical trial design assistance, and the waiver of Prescription Drug User Fee Act (PDUFA) filing fees.

The European Medicines Agency (EMA) grants Orphan Drug Designation to support the development of medicines for the treatment, prevention or diagnosis of a disease that is life-threatening or chronically debilitating and that affect no more than 5 in 10,000 individuals in the European Union. Orphan drug designation allows for companies to receive development incentives, such as protocol assistance, reduced fees for regulatory activities, and up to ten years of market exclusivity in the European Union upon marketing approval for the designated indication.

Extension of the collaboration with AbbVie to discover new oral drug candidates that are ROR-γ antagonists. ABBV-553 program halted.

In September 2017, Inventiva and AbbVie announced that Abbv-553, a powerful orally active selective antagonist of ROR-γ, which previously underwent a Phase I clinical trial as a treatment for moderate to severe psoriasis and had given rise to several milestone payments to Inventiva, had been halted. A new collaboration program to discover and develop new oral ROR-γ antagonists has thus been set up. Under this program, Inventiva may receive undisclosed fees for research services and milestone payments were a new drug candidate to be identified. Inventiva will also be eligible for development and sales milestones as well as royalties on sales.

Key newsflow and expected milestones

Second-half 2017

- Completion of enrollment in the Phase IIb FASST study of lanifibranor in SSc
- Expand of the Phase IIb NATIVE clinical trial of lanifibranor in NASH to other clinical sites
- Results of biomarker study for odiparcil
- Enrollment of first patient in the odiparcil Phase IIa iMProveS trial in MPS VI

2018

- Results of Phase IIb FASST study of lanifibranor in patients with SSc
- Results of the two-year carcinogenicity study with lanifibranor
- End of enrollment in Phase IIb NATIVE study in patients with NASH
- Results of the Phase IIa iMProveS study of odiparcil in patients with MPS VI

Tax audit

The Company is currently being audited by the tax authorities with regard to the periods ended December 31, 2013, December 31, 2014 and December 31, 2015. Further details are provided in Note *2.5.4. Events after the reporting date* to the condensed interim financial statements for the six months ended June 30, 2017.

2.3 Risk factors

The Company 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 other material risks apart from those presented in Chapter 3 of its Registration Document filed with the AMF on March 26, 2017 and those updated hereinafter.

Tax dispute and risks associated with access to research tax credits

The Company is currently being audited by the tax authorities with regard to the periods ended December 31, 2013, December 31, 2014 and December 31, 2015. Further details are provided in Note *2.5.4. Events after the reporting date* to the condensed interim financial statements for the six months ended June 30, 2017.

2.4 ANALYSIS OF THE FIRST-HALF 2017 INCOME STATEMENT

This chapter presents the Company's results and financial position for the six months ended June 30, 2017 based on the condensed interim financial statements prepared in accordance with IFRS in section 4.2 *Condensed interim financial statements* of this Interim Financial Report.

(in thousands of euros)	**First-half 2017**	**First-half 2016**
Revenue	**2,658**	**4,140**
Other recurring operating income	2,596	2,596
Research and development costs	(13,242)	(10,881)
Marketing – Business development	(238)	(260)
General and administrative expenses	(2,668)	(1,763)
Recurring operating income (loss)	**(10,893)**	**(6,168)**
Other non-recurring operating income	255	-
Other non-recurring operating expenses	(704)	(449)
Operating income (loss)	**(11,343)**	**(6,617)**
Financial income	243	277
Financial expenses	(19)	(21)
Net financial income	**224**	**256**
Income tax	1,337	2,276
Net income (loss) for the period	**(9,781)**	**(4,085)**

2.4.1 Revenue and other operating income

Total income (in thousands of euros)	**First-half 2017**	**First-half 2016**
Revenue	2,658	4,140
Total revenue	**2,658**	**4,140**
Subsidies	521	276
Research tax credit	2,068	2,320
Other	8	42
Other operating income	**2,596**	**2,596**
Total operating income	**5,254**	**6,736**

2.4.1.1 Revenue

Revenue for first-half 2017 came in at €2,658 thousand, compared with €4,140 thousand in the same prior year period. The decrease of €1,482 thousand (35.8%) mainly reflects the following items:

- In first-half 2016 a milestone was reached under the AbbVie contract, generating a cash inflow of €2,000 thousand.
- The decrease was offset by the €583 thousand in revenue generated during the period under the partnership with Boehringer Ingelheim, which represented an increase of €334 thousand (134.1%) compared with first-half 2016. The revenue increase was attributable to a favorable comparison basis, since the partnership was only signed in May 2016.

2.4.1.2 **Other operating income**

Other operating income amounted to €2,596 thousand in the first six months of 2017, unchanged from first-half 2016, primarily reflecting:

- a €252 thousand (10.9%) decrease in research tax credits, despite the increase in research and development costs, in connection with the prudent approach adopted by the Company in light of the events described in Note *2.5.4. Events after the reporting date* to the condensed interim financial statements for the six months ended June 30, 2017. It should be noted that pre-clinical and clinical development increasingly requires development costs that systematically exceed the tax credit base.
- a €245 thousand (88.6%) increase in subsidies, particularly from Bpifrance as part of the Eurostars program to help fund the NSD2 research project, as described in section 11.3.1 of the 2016 Registration Document (Consortium Agreement with Oryzon and 4SC).

2.4.2 **Operating expenses**

Operating expenses (in thousands of euros)	**First-half 2017**	**First-half 2016**
Research and development costs	13,242	10,881
Marketing – Business development	238	260
General and administrative expenses	2,668	1,763
Total operating expenses	**16,147**	**12,904**

Operating expenses amounted to €16,147 thousand for first-half 2017 versus €12,904 thousand for first half 2016.

2.4.2.1 **Research and development costs**

Research and development costs may be broken down as follows:

Research and development costs (in thousands of euros)	**First-half 2017**	**First-half 2016**
Disposables	1,090	1237
Energy and liquids	264	250
Patents and scientific monitoring	228	245
Studies	6,664	4,319
Maintenance	424	508
Fees	27	9
IT systems	368	365
Personnel costs	3,583	3,377
Depreciation, amortization and provisions	434	417
Other research and development costs	160	155
Total research and development costs	**13,242**	**10,882**

Research costs amounted to €13,242 thousand in first-half 2017, up from €10,882 thousand in the same prior-year period. The €2,360 thousand (21.7%) increase was mainly driven by a €2,345 thousand (54.3%) jump in the cost of studies, in particular a year-on-year increase of €1,432 thousand (42.6%) in costs related to the lanifibranor project, which totaled €4,794 thousand in the first half of 2017.

Lanifibranor

Inventiva has been developing lanifibranor in NASH and SSc indications since 2013, supported by a strong pre-clinical rationale demonstrating the drug's anti-fibrotic properties.

Costs relating to the lanifibranor project in first-half 2017 break down into two main categories: activities relating to clinical studies and development activities including pharmaceutical development, preclinical pharmacology, pharmacokinetic and carcinogenicity studies in animals.

Costs incurred on these studies have enabled progress during the period mainly in:

Treatments for NASH:

- continued deployment of the NATIVE clinical study in 12 European countries (40 sites concerned), for which the first patient was included in February 2017;
- costs corresponding to opening the first sites and providing them with treatment units, as well as monitoring the first patients included in the study.

Treatments for SSc:

- continuation of the Phase II FASST study which will concern eight European countries and 50 clinical centers for 48 weeks. One hundred and sixteen patients had been included in the study at end-June 2017;
- expenses were mainly attributable to the clinical CRO, the centralized laboratory, the manufacturing and distribution of treatment units, and submission of the study to additional countries.

During the first half, a clinical batch of prototypes was produced for three new formulations of lanifibranor, the pharmacokinetics of which will be compared with that of healthy volunteers in a Phase I clinical study that has been set up. A new batch of lanifibranor has been produced for these pharmaceutical development activities.

Pre-clinical carcinogenicity studies continued: long-term studies in monkeys, carcinogenicity studies in rats and mice, and the start of a segment III reprotoxicity study in rats.

In order to improve knowledge of the effects of lanifibranor and its mechanism of action, in vitro studies have been conducted on animals through collaboration with recognized experts in therapeutic indications. In addition, Inventiva collaborates with clinical, regulatory and statistical quality experts (scientific and clinical) which enable it to ensure that its ongoing studies meet the required quality standards.

Odiparcil

The increase in study-related expenses also stemmed from an increase in research and development costs for the odiparcil (formerly IVA 336) project, which rose by €813 thousand (181.3%) compared with first-half 2016 to €1,262 thousand.

Costs incurred during the first half of 2017 mainly related to:

- the preparation of clinical trials (Phase IIa IMProveS study) which will start in the second half of the year. The preparation costs primarily concerned the preparation of batches that will be used during the trials, as well as consulting fees relating to the preparation of regulatory documentation (in view of the IMPD); and

- a biomarker study begun in the United States in March 2017. Costs mainly related to fees paid to the CRO investigation center and the central laboratory. The study aims in particular to develop a method for measuring types of glycosaminoglycan in leucocytes. As part of the study, the Company also worked with consultants and experts to draft the legal documentation required to roll out the study in the United States.

YAP-TEAD

To a lesser extent, the increase in study-related expenses also stemmed from an increase in research and development costs for the YAP-TEAD project, which rose by €168 thousand (61.9%) compared with first half 2016 to €439 thousand.

Costs incurred during the first half of 2017 mainly related to:

- continuation of the "hit to lead" phase and obtaining compounds with activity in the 100nM band in both transactivation and cell proliferation;
- the increase in the panel of dependent cell lines in mesothelioma, NSL cancer and other forms of cancer;
- the assessment of new compounds in xenografts.

In addition to the increase in study-related costs, to a lesser extent the increase in research and development costs reflects a €206 thousand (6.1%) increase in personnel costs, mainly resulting from the expansion of the Company's workforce dedicated to development activities in line with changes in the product portfolio.

2.4.2.2 **Marketing and Business development costs**

Marketing and business development costs break down as follows:

Marketing – Business development **(in thousands of euros)**	**First-half 2017**	**First-half 2016**
Fees	21	28
Personnel costs	206	187
Other operating expenses	10	45
Total marketing and business development costs	**238**	**260**

Marketing and business development costs decreased by €22 thousand (8.5%) to €238 thousand in first-half 2017 (versus €260 thousand in first-half 2016).

2.4.2.3 **General and administrative expenses**

General and administrative expenses can be broken down as follows:

General and administrative expenses (in thousands of euros)	**First-half 2017**	**First-half 2016**
Fees	641	180
IT systems	30	27
Support costs (including taxes)	299	286
Personnel costs	1,003	829
Depreciation, amortization and provisions	119	158
Other general and administrative expenses	576	283
Total general and administrative expenses	**2,668**	**1,763**

General and administrative expenses rose by €905 thousand (51.3%) in first-half 2017 to €2,668 thousand, versus €1,763 thousand in first-half 2016. The increase was mainly attributable to:

- audit and financial communication fees incurred in connection with the Company's obligations as a newly-listed entity, further to the initial public offering in the first half of 2017. A significant portion of the consulting and audit fees incurred prior to the initial public offering were recognized in accordance with the treatment described in section 2.1.2 of the condensed interim financial statements for the six months ended June 30, 2017, in section 4.2 of this Interim Financial Report, and were therefore not included in this item.
- an increase in legal counsel fees, also in connection with the Company's obligations as a newly-listed entity, most of which were incurred during the first half of the year;
- the payment of attendance fees to directors, in the amount of €111 thousand.

2.4.3 **Non-recurring operating income and expenses**

Non-recurring operating income and expenses break down as follows:

Non-recurring operating income and expenses (in thousands of euros)	**First-half 2017**	**First-half 2016**
Other non-recurring operating income	255	-
Other non-recurring operating expenses	(704)	(449)
Non-recurring operating income and expenses	**(449)**	**(449)**

The amount of €704 thousand recognized in Other non-recurring operating expenses in first-half 2017 mainly relates to the recognition of costs linked to the initial public offering. The accounting impacts of the Company's initial public offering are described in the 2017 condensed interim financial statements in section 4.2 of this Interim Financial Report.

The amount of €255 thousand classified in Other non-recurring operating income corresponds to income arising on the disposal of a real estate asset described in section *3.2.2 Cash flow from investing activities* of this Interim Financial Report.

2.4.4 **Net financial income**

Financial income and expenses break down as follows:

Net financial income (in thousands of euros)	**First-half 2017**	**First-half 2016**
Income from cash and cash equivalents	156	129
Foreign exchange gains	23	10
Other financial income	54	53
Discounting gains	9	84
Total financial income	**243**	**276**
Interest expense	(3)	(4)
Foreign exchange losses	(11)	(12)
Other financial expenses	(5)	-
Discounting losses	-	(5)
Total financial expenses	**(19)**	**(21)**
Net financial income	**224**	**256**
Net financial income excluding the impact of the Abbott Agreement[(a)]	**231**	**172**

[(a)] APA described in section 9.2.1 of the 2016 Registration Document.

Net financial income totaled €224 thousand for first-half 2017, compared to €256 thousand in the same prior-year period, representing a decrease of €32 thousand, or 12.5%. The fall in net financial income mainly results from a decline in discounting gains relating to the impact of the APA.

2.4.5 **Income tax**

France's 2017 Finance Act introduced a progressive change in corporate income tax. By 2020, all companies will be taxed at a rate of 28%. However, as the 28% tax rate only applies to the portion of the tax benefit between €38,120 and €75,000, the tax rate in effect in France applicable to the Company in fiscal 2017 is considered to be 33.33%.

In euros	**First-half 2017**	**First-half 2016**
Loss before tax	(11,119)	(6,361)
Theoretical tax rate	33.33%	33.33%
Theoretical income tax benefit	3,706	2,120
Non-deductible interest	-	-
Tax credits	692	795
CVAE corporate value added tax	-	-
Permanent differences	(2)	28
Other differences	(3,058)	(667)
Income tax benefit as recognized in the income statement	1,337	2,276
Of which current taxes	333	(225)
Of which deferred taxes	1,004	2,501
Effective tax rate	**12.03%**	**35.78%**

The effective tax rate for first-half 2017 was 12.03%, compared to 35.78% for first-half 2016.

Deferred tax benefits recognized during the periods presented chiefly reflect the impact on deferred tax liabilities of the APA described in section 9.2.1 of the 2016 Registration Document (€2,379 thousand for first-half 2017 compared to €3,111 thousand for first-half 2016).

In accordance with IAS 34, the income tax recognized in the financial statements for each interim period is adjusted based on a best estimate calculated by applying the expected weighted average tax rate for the entire year.

The decrease in the tax rate for the period compared with first-half 2016 relates to settlement at June 30, 2017 of the temporary tax difference resulting from the APA.

2.4.6 **Net income (loss) for the period**

The net loss amounted to €9,781 thousand in first-half 2017 compared with a net loss of €4,085 thousand in first half 2016.

2.5 ANALYSIS OF THE BALANCE SHEET AT JUNE 30, 2017

The following table presents the main balance sheet captions at June 30, 2017 and December 31, 2016.

(in thousands of euros)	June 30, 2017	Dec. 31, 2016
Intangible assets	1,898	2,073
Property, plant and equipment	4,708	4,958
Deferred tax assets	210	195
Available-for-sale assets	151	149
Other non-current assets	237	237
Non-current assets	**7,204**	**7,611**
Inventories	501	472
Trade receivables	162	771
Income tax receivables	6,179	3,731
Other receivables and accruals	2,991	5,231
Other current assets	-	6,176
Cash and cash equivalents	64,418	24,868
Current assets	**74,251**	**41,249**
Total assets	**81,455**	**48,860**
Shareholders' equity	**71,047**	**35,723**
Long-term debt	404	482
Deferred tax liabilities	1,991	3,013
Long-term provisions	-	346
Provisions for retirement benefit obligations	750	695
Non-current liabilities	**3,145**	**4,536**
Short-term debt	146	146
Short-term provisions	346	
Trade and other payables	4,015	4,364
Tax liabilities	-	-
Other payables and accruals	2,755	4,091
Current liabilities	**7,264**	**8,601**
Total equity and liabilities	**81,455**	**48,860**

2.5.1 Non-current assets

Non-current assets (in thousands of euros)	June 30, 2017	Dec. 31, 2016
Intangible assets	1,898	2,073
Property, plant and equipment	4,708	4,958
Deferred tax assets	210	195
Available-for-sale assets	151	149
Other non-current assets	237	237
Non-current assets	**7,204**	**7,611**

Non-current assets totaled €7,204 thousand at June 30, 2017, compared with €7,611 thousand at December 31, 2016, i.e., a decrease of €407 thousand (5.3%).

The decline mainly stems from a fall in the carrying amount of intangible assets and property, plant and equipment and mainly relates to depreciation and amortization of technical facilities, equipment and tooling in an amount of €196 thousand. The asset disposal described in Note 2.4.3 of this Interim Financial Report also contributed to the decrease, albeit to a lesser extent.

The decline in non-current assets comes after the implementation by management in 2016 of a policy to control investments in order to concentrate the Company's resources on activities related to the product portfolio.

2.5.2 Current assets

(in thousands of euros)	June 30, 2017	Dec. 31, 2016
Inventories	501	472
Trade receivables	162	771
Income tax receivables	6,179	3,731
Other receivables and accruals	2,991	5,231
Other current assets	-	6,176
Cash and cash equivalents	64,418	24,868
Current assets	**74,251**	**41,249**

Cash and cash equivalents carried in current assets break down as follows:

Net cash and cash equivalents (in thousands of euros)	June 30, 2017	Dec. 31, 2016
UCITS and certificates of deposit	536	6,180
Other cash equivalents	51,972	14,989
Cash at bank and at hand	11,910	3,699
Cash and cash equivalents	**64,418**	**24,868**
Bank overdrafts	-	(3)
Net cash and cash equivalents	**64,418**	**24,864**

Current assets totaled €74,251 thousand at June 30, 2017, compared to €41,249 thousand at December 31, 2016, i.e., an increase of €33,002 thousand, or 80.0%.

The increase mainly results from a rise in cash and cash equivalents of €39,550 thousand (159.1%) following the capital increase carried out by the Company at the time of its initial public offering as well as a €2,448 thousand increase in income tax receivables, mainly reflecting the provision recorded for the research tax credit in respect of first-half 2017.

2.5.3 **Shareholders' equity**

Shareholders' equity (in thousands of euros)	**June 30, 2017**	**Dec. 31, 2016**
Share capital	164	100
Additional paid-in capital	44,992	-
Net income (loss) for the period	(9,781)	(7,045)
Reserves	35,672	42,667
Total shareholders' equity	**71,047**	**35,722**

Shareholders' equity stood at €71,047 thousand at June 30, 2017, compared with €35,722 thousand at December 31, 2016, representing an increase of €35,325 thousand (99%). The rise in equity was driven by the capital increase carried out by the Company at the time of its initial public offering and the exercise of BSPCE share warrants awarded to Company employees as well as BSAs awarded to a director.

Changes in shareholders' equity during the first six months of 2017 are described in further detail in the 2017 condensed interim financial statements in section 4.2 of this Interim Financial Report.

2.5.4 **Non-current liabilities**

Non-current liabilities (in thousands of euros)	**June 30, 2017**	**Dec. 31, 2016**
Long-term debt	404	482
Deferred tax liabilities	1,991	3,013
Long-term provisions	-	346
Provisions for retirement benefit obligations	750	695
Non-current liabilities	**3,145**	**4,536**

Non-current liabilities stood at €3,145 thousand at June 30, 2017, compared with €4,536 thousand at December 31, 2016, i.e., a decrease of €1,391 thousand (30.7%).

The decrease was mainly attributable to:

- a €1,022 thousand decrease in deferred tax liabilities mainly due to fewer temporary differences between the carrying amount and tax base of the accrued receivables related to the business combination of August 27, 2012, described in section 9.2.1 of the 2016 Registration Document (Asset Purchase Agreement with Abbott);
- the reclassification to short-term provisions of the €346 thousand provision relating to the ongoing tax audit with regard to the periods ended December 31, 2013, December 31, 2014 and December 31, 2015, as described in Note *2.5.4 Events after the reporting date* to the 2017 condensed interim financial statements.

2.5.5 **Current liabilities**

Current liabilities (in thousands of euros)	**June 30, 2017**	**Dec. 31, 2016**
Short-term debt	146	146
Short-term provisions	346	-
Trade and other payables	4,015	4,364
Tax liabilities	-	-
Other payables and accruals	2,755	4,091
Current liabilities	**7,264**	**8,601**

The Company's current liabilities mainly consist of trade payables and other payables.

The following table provides a breakdown of other payables and accruals at June 30, 2017 and December 31, 2016.

(in thousands of euros)	**June 30, 2017**	**Dec. 31, 2016**
Employee-related payables	931	1,127
Accrued payroll and other employee-related taxes	864	881
Sales tax payables	291	192
Other accrued taxes and employee-related expenses	150	166
Amounts payable on non-current assets	-	-
Other miscellaneous payables	25	47
Deferred income	494	1,678
Other payables and accruals	**2,755**	**4,091**

The Company's current liabilities stood at €2,755 thousand at June 30, 2017 compared with €4,091 thousand at December 31, 2016, representing a decrease of €1,336 thousand (32.6%).

The decline mainly reflects a decrease in deferred income relating to the AbbVie Partnership described in Chapter 22.2 of the 2016 Registration Document, in line with the contractual payment schedule.

3. CASH FLOW AND EQUITY

This chapter provides information concerning the Group's equity, cash position and sources of financing for the period ended June 30, 2017 based on the 2017 condensed interim financial statements prepared in accordance with IFRS, presented in section 4.2 *Condensed interim financial statements* of this Interim Financial Report.

During the period presented, the Company has mainly required funds to:

- finance its operating activities, including its working capital requirements: net cash used in operating activities in first-half 2017 and first-half 2016 amounted to €11.7 million and €7.7 million, respectively. These amounts were mainly needed to cover research and development costs, which totaled €13.2 million and €10.9 million in first-half 2017 and first-half 2016, respectively;

- finance its investing activities: acquisitions of property, plant and equipment and intangible assets – mainly consisting of research materials and, to a lesser extent, amounts spent on scientific applications and chemical components added to the Company's compound library – totaled €0.2 million in both first-half 2017 and first-half 2016.

The capital increases carried out by the Company represented its main source of financing in first-half 2017 and generated cash proceeds of €45.1 million during the period.

The additional quarterly payments received under the Asset Purchase Agreement (APA) described in section 9.2.1 of the 2016 Registration Document represent the Company's second major source of financing during the periods presented. These payments generated cash proceeds of €6.1 million and €8.1 million in first-half 2017 and first-half 2016, respectively.

3.1 Disclosures concerning the Company's equity, cash position and sources of financing

Cash and cash equivalents amounted to €64,418 thousand at June 30, 2017, compared with €24,868 thousand at December 31, 2016.

Cash and cash equivalents consist of cash at hand and short-term financial instruments. At June 30, 2017 and December 31, 2016, cash at hand and marketable securities held by the Company were essentially invested in monetary UCITS and deposit accounts that are readily convertible into known amounts of cash.

The Company's net debt at June 30, 2017 and December 31, 2016 breaks down as follows:

Analysis of debt (in thousands of euros)	**June 30, 2017**	**Dec. 31, 2016**
Cash and cash equivalents	**64,418**	**24,868**
Current financial liabilities	146	146
Current debt (A)	**146**	**146**
Non-current financial liabilities	404	482
Non-current debt (B)	**404**	**482**
Total debt (A) + (B)	**550**	**628**
Net debt	**(63,868)**	**(24,240)**

3.1.1 **Equity financing**

At June 30, 2017, the Company's share capital amounted to €164,445, corresponding to:

- an amount of €25,300 fully paid up when the Company was created, and the paid-up portion of subscriptions to the capital increase of August 23, 2012;
- an amount of €75,000 in respect of the remaining portion of capital subscribed during the capital increase of August 23, 2012, which was called up in 2013;
- an amount of €57,066 in respect of shares issued on Euronext as part of the Company's initial public offering in February 2017;
- an amount of €7,079 in respect of BSPCE and BSA share warrants awarded to employees and a partner of the Company subsequent to the initial public offering.

The capital increases carried out by the Company represented its main source of financing in first-half 2017. The Company raised the total amount of the initial public offering to €48.5 million, including amounts raised following the exercise of the increase and over-allotment options. Expenses relating to these operations totaled €6.2 million, of which €3.9 million was deducted from additional paid-in capital and €2.3 million was presented in non-recurring expenses (€0.7 million in first-half 2017 and €1.6 million in previous periods).

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

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

Net of all issue costs[2] and including the amounts raised in respect of BSA and BSPCE share warrants, the Company received a net amount of €42.8 million. These operations had a €45.1 million impact on the statement of cash flows for the period.

Further information on the initial public offering and the capital increase is provided in the 2017 condensed interim financial statements prepared in accordance with IFRS, presented in section 4.2 *Condensed interim financial statements* of this Interim Financial Report.

3.1.2 **Financing from bank loans**

Analysis of debt (in thousands of euros)	**Crédit Agricole 2015**	**CIC 2015**	**Société Générale 2015**	**Other***	**Total**
Debt carried on the balance sheet at December 31, 2016	**192**	**123**	**192**	**121**	**628**
+ proceeds					
- repayments	28	17	26	3	74
Other					
Debt carried on the balance sheet at June 30, 2017	**164**	**106**	**166**	**118**	**554**

**At June 30, 2017, other borrowings included a repayable advance from Coface.*

[2] Banking fees and other issue costs incurred in first-half 2017 and previously.

Total debt amounted to €554 thousand at June 30, 2017. The Company did not take out any additional bank loans during first-half 2017. In connection with the subscription of its three bank loans, the Company:

- pledged UCITS subscribed with Amundi in the amount of €150 thousand as of the pledge date (expired in August 2017);
- pledged a deposit account held with CIC in the amount of €135 thousand as of the pledge date, i.e., May 11, 2015;
- pledged a deposit account held with Société Générale in the amount of €100 thousand as of the pledge date, i.e., July 7, 2015.

As of June 30, 2017, the Company had terminated all of its credit facilities with Société Générale and Crédit Agricole. The related pledges expired during the first half of 2017.

Furthermore, the €118 thousand repayable advance received by the Company in first-half 2016 following the signature of a prospecting insurance contract with Coface was reimbursed in an amount of €3 thousand. The advance is intended to specifically fund sales prospecting costs. Repayments of the advance will begin on January 1, 2019 and will be completed in more than one year but less than three years as of June 30, 2017.

The debt maturity profile at June 30, 2017 is as follows:

At June 30, 2017 (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	276	13	-
Other loans and similar borrowings	-	118	-	-
Accrued interest on borrowings	-	-	-	-
Total debt	**146**	**394**	**13**	**-**

3.1.3 Financing from research tax credits

Research tax credits during the six months ended June 30, 2017 and June 30, 2016 were as follows:

(in thousands of euros)	**First-half 2017**	**First-half 2016**
Income statement impact of research tax credits	2,068	2,320
Cash flow impact of research tax credits[(a)]		

[(a)] Research tax credits had no cash impact during first-half 2017 and first-half 2016 because the payment is received by the Company during the second half of the year that follows its recognition in the income statement.

The 2016 research tax credit was paid to the Company in full in August 2017.

3.1.4 Other sources of financing

The impacts of the APA described in section 9.2.1 of the 2016 Registration Document on the income statement and cash flow statement during first-half 2017 and first-half 2016 were as follows:

(in thousands of euros)	First-half 2017	First-half 2016
Income statement impacts		
Unwinding of accrued receivables	9	84
Deferred tax liabilities	2,379	3,111
Total income statement impacts	**2,388**	**3,195**
Cash flow impacts		
Deferred proceeds	6,185	8,148
Total cash flow impacts	**6,185**	**8,148**

As of the date of this Interim Financial Report, Abbott has paid a cumulative amount of €104,413 thousand pursuant to the APA i.e., 100 % of the initial one-off payment and additional quarterly payments.

3.1.5 Off-balance sheet commitments

Commitments received

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, in return for monthly rental payments of €3,820 during the first year, €4,120 during the second year and €4,200 during the third year. The total commitment received amounted to €5,573 as of June 30, 2017.

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, in return for an annual rental payment of €93,830. The total commitment received amounted to €132,926 as of June 30, 2017.

Agreement with Synthecob

On March 21, 2016, the Company signed a contract to make its research equipment and services available to Synthecob for a two-year period beginning April 1, 2016, in return for a rental payment of €16,956 for the first year and €17,292 for the second year. The total commitment received amounted to €12,969 as of June 30, 2017.

Commitments given

Commitments given in connection with the Company's financing are described in the Note 3.1.2 to this Interim Financial Report.

3.2 Cash flow

The following table analyzes the Company's cash flow for first-half 2017 and first-half 2016:

CASH FLOW (in thousands of euros)	**First-half 2017**	**First-half 2016**
Net cash used in operating activities	(11,740)	(7,678)
Net cash from investing activities	6,294	7,957
Net cash from financing activities	44,997	16
Net increase in cash and cash equivalents	**39,551**	**295**

3.2.1 Cash flow from operating activities

(in thousands of euros)	**First-half 2017**	**First-half 2016**
Net loss for the period	**(9,781)**	**(4,085)**
Elimination of non-cash and non-operating income and expenses:		
Depreciation, amortization and provisions	574	656
Deferred and current taxes	(3,476)	(4,662)
Gains on disposals of assets	(236)	-
Cost of net debt	3	4
Loan discounting effect net of unwinding expense	0	-
Discounting effect on accrued receivables related to the business combination of August 27, 2012	(9)	(84)
Charges related to share-based payments	178	19
Cash flows used in operations before tax and changes in working capital	**(12,748)**	**(8,152)**
Changes in operating working capital:		
Receivables	2,090	654
Operating and other payables	(501)	(320)
Inventories	(29)	(3)
Tax benefit (payment)	0	-
Interest paid	(3)	(4)
Other	(549)	146
Net cash used in operating activities	**(11,740)**	**(7,679)**

Cash used in operating activities in first-half 2017 amounted to €11,740 thousand, compared with €7,679 thousand in first-half 2016, an increase of €4,061 thousand (52.9%).

The increase in cash used in operating activities was mainly attributable to:

- a €3,243 thousand increase in operating expenses, mainly due to the year-on-year rise in research and development costs;
- the €1,482 thousand (35.8%) year-on-year decrease in revenue in first-half 2017.

3.2.2 Cash flow from investing activities

Cash flow from investing activities over the periods presented was as follows:

(in thousands of euros)	First-half 2017	First-half 2016
Purchases of property, plant and equipment and intangible assets	(157)	(181)
Disposals of property, plant and equipment and intangible assets	265	-
Changes in amounts payable on non-current assets	0	(10)
Proceeds from payments made under the APA	6,185	8,148
Net cash from investing activities	**6,294**	**7,957**

In first-half 2017, net cash from investing activities amounted to €6,294 thousand and was mainly generated from:

- a payment received under the APA in an amount of €6,185 thousand;
- the disposal of a real estate asset, which generated proceeds of €255 thousand.

3.2.3 Cash flow from financing activities

(in thousands of euros)	First-half 2017	First-half 2016
Capital increase	45,056	-
Issuance of debt	0	-
Repayment of debt	(74)	(102)
Other changes	15	118
Net cash from financing activities	**44,997**	**16**

In first-half 2017, net cash from financing activities amounted to €44,997 thousand, and was mainly generated by the capital increase carried out in February 2017 as part of the Company's initial public offering on Euronext, as described in section 3.1.1 of this Interim Financial Report.

3.3 Restrictions on the use of the Company's capital

With the exception of pledges given on UCITS units and on deposit accounts recognized in non-current financial assets for an amount of €237 thousand, and in cash and cash equivalents for an amount of €535 thousand at June 30, 2017, there are no restrictions on the use of the Company's capital.

3.4 Projected sources of financing

Although the Company is still in the research and development phase, it generated revenue of €2,658 thousand in first-half 2017 compared to €4,140 thousand in first-half 2016.

The Company generated a net loss of €9,781 thousand in first-half 2017 and €4,085 thousand in first-half 2016.

Net cash and cash equivalents stood at €64,418 thousand at June 30, 2017, mainly thanks to cash flow generated from investing activities, described in the sections above.

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

- additional revenue generated within the scope of the partnership with BI (see Chapter *22.3 Material contracts* of the 2016 Registration Document and section 2.2 *Events after the reporting date and outlook* of this Interim Financial Report);

- the basic fee paid by AbbVie to the Company in return for the services described in the ad hoc statements of work following the decision taken in September 2017 to extend the partnership initially entered into with AbbVie in August 2012 (the "AbbVie Partnership") by one year;

- research tax credits;

- bank loans to finance investments for marginal amounts;

- agreements to make premises and facilities available for use negotiated in 2015 and 2016, described in Note 2.5.2 to the condensed interim financial statements presented in section 4.2 of this Interim Financial Report; and

- subsidies for financing scientific research programs, particularly from Bpifrance ("**ANR**" and "**Eurostars**" program funding).

4. INTERIM FINANCIAL STATEMENTS

4.1 STATUTORY AUDITORS' REPORT

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
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France

Inventiva S.A.
Registered office: 50, rue de Dijon - 21121 Daix

Statutory Auditors' review report on the 2017 interim financial information

For the six months ended June 30, 2017

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- reviewed the accompanying condensed interim parent company financial statements for Inventiva S.A. for the six months ended June 30, 2017;
- verified the information provided in the Interim Financial Report.

The parent company interim financial statements have been prepared by the Board of Directors. Our role is to express an opinion on these financial statements based on our review.

I – Opinion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim parent company financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information given in the interim financial report on the condensed interim parent company financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim parent company financial statements.

Paris La Défense, 25 septembre 2017

KPMG Audit
Department of KPMG S.A.

Jean Gatinaud
Partner

4.2 CONDENSED INTERIM FINANCIAL STATEMENTS

1. Financial statements

1.1. Balance sheet

In euros	Note	June 30, 2017	Dec. 31, 2016
Intangible assets	2.3.1	1,897,658	2,073,300
Property, plant and equipment	2.3.2	4,708,494	4,957,547
Deferred tax assets	2.3.9	210,010	194,604
Available-for-sale assets	2.3.3	151,280	149,001
Other non-current assets		237,032	236,823
Non-current assets		**7,204,474**	**7,611,276**
Inventories	2.3.4	500,779	471,879
Trade receivables	2.3.5	161,535	771,131
Income tax receivables	2.3.5	6,179,392	3,730,753
Other receivables and accruals	2.3.5	2,990,915	5,231,385
Other current assets	2.3.5	-	6,175,777
Cash and cash equivalents	2.3.6	64,418,174	24,867,573
Current assets		**74,250,795**	**41,248,498**
Total assets		**81,455,269**	**48,859,774**
Shareholders' equity	**2.3.7**	**71,047,057**	**35,722,690**
Long-term debt	2.3.8	403,991	481,858
Deferred tax liabilities	2.3.9	1,990,599	3,012,580
Long-term provisions	2.5.4	-	346,408
Provisions for retirement benefit obligations	2.3.10	750,035	695,015
Non-current liabilities		**3,144,624**	**4,535,861**
Short-term debt	2.3.8	146,493	145,746
Short-term provisions	2.5.4	346,408	-
Trade and other payables	2.3.11	4,015,275	4,364,428
Tax liabilities		-	-
Other payables and accruals	2.3.12	2,755,412	4,091,049
Current liabilities		**7,263,587**	**8,601,223**
Total equity and liabilities		**81,455,268**	**48,859,774**

1.2. Income statement

In euros	Note	First-half 2017	First-half 2016
Revenue	**2.4.1**	**2,658,227**	**4,140,445**
Other recurring operating income	2.4.1	2,595,781	2,595,811
Research and development costs	2.4.2	(13,241,781)	(10,881,283)
Marketing – business development	2.4.2	(237,749)	(260,299)
General and administrative expenses	2.4.2	(2,667,718)	(1,762,707)
Recurring operating income (loss)		**(10,893,239)**	**(6,168,034)**
Other non-recurring operating income	2.1.2	255,000	-
Other non-recurring operating expenses	2.1.2	(704,463)	(449,062)
Operating income (loss)		**(11,342,702)**	**(6,617,096)**
Financial income	2.4.4	242,731	276,943
Financial expenses	2.4.4	(18,697)	(20,666)
Net financial income		**224,034**	**256,277**
Income tax	2.4.5	1,337,219	2,275,758
Net income (loss) for the period		**(9,781,449)**	**(4,085,061)**
Net earnings (loss) per share			
- basic	2.3.7	(0.67)	(0.41)
- diluted	2.3.7	(0.65)	(0.41)

1.3. Statement of comprehensive income

In euros	First-half 2017	First-half 2016
Net income (loss) for the period	**(9,781,449)**	**(4,085,061)**
Changes in fair value	2,633	1,271
Tax impact on items recycled to income	(878)	(424)
Actuarial gains and losses on retirement benefit obligations (IAS 19)	(33,497)	(70,259)
Tax impact on items not recycled to income	9,379	23,420
Total comprehensive income (loss)	**(9,803,812)**	**(4,131,053)**

1.4. Statement of changes in equity

In euros	Equity	Additional paid-in capital	Net income (loss) for the period	Reserves	Shareholders' equity
January 1, 2017	100,300	-	(7,045,045)	42,667,436	35,722,690
Issue of ordinary shares	57,066	48,448,839	-	-	48,505,905
Transaction costs	-	(3,884,458)	-	-	(3,884,458)
Appropriation of 2016 net loss	-	-	7,045,045	(7,045,045)	-
Net loss for the period	-	-	(9,781,449)	-	(9,781,449)
Exercise of BSAs/BSPCEs	7,079	427,434	-	-	434,513
Actuarial gains and losses	-	-	-	(24,118)	(24,118)
IFRS 2 expense	-	-	-	177,685	177,685
Changes in fair value net of deferred tax	-	-	-	1,755	1,755
Treasury shares	-	-	-	(105,466)	(105,466)
June 30, 2017	**164,445**	**44,991,815**	**(9,781,449)**	**35,672,247**	**71,047,057**

In euros	Equity	Additional paid-in capital	Net income (loss) for the period	Reserves	Shareholders' equity
January 1, 2016	**100,300**	**-**	**(8,823,324)**	**51,492,855**	**42,769,831**
Issue of ordinary shares	-	-	-	-	-
Capital increase and additional paid-in capital	-	-	-	-	-
Appropriation of 2015 net loss	-	-	8,823,324	(8,823,324)	-
Net loss for the period	-	-	(4,085,061)	-	(4,085,061)
Actuarial gains and losses	-	-	-	(46,839)	(46,839)
IFRS 2 expense	-	-	-	18,982	18,892
Changes in fair value net of deferred tax	-	-	-	848	848
June 30, 2016	**100,300**	**-**	**(4,085,061)**	**42,642,522**	**38,657,761**

1.5. Statement of cash flows

In euros	First-half 2017	First-half 2016
Net income (loss) for the period	**(9,781,449)**	**(4,085,061)**
Elimination of other non-cash, non-operating income and expenses:		
Depreciation, amortization and provisions	573,686	656,323
Changes in deferred and current taxes	(3,475,769)	(4,661,585)
Cost of net debt	2,874	3,785
Losses on disposals of assets	(235,947)	-
Loan discounting effect net of unwinding expense	-	380
Discounting effect on accrued receivables	(9,423)	(84,247)
IFRS 2 expense	177,685	18,982
Cash flows used in operations before tax and changes in working capital	**(12,748,344)**	**(8,151,423)**
Changes in operating working capital:		
Operating and other receivables	2,089,740	654,251
Operating and other payables	(500,994)	(320,148)
Inventories	(28,900)	(3,000)
Tax paid	-	-
Interest paid	(2,874)	(3,785)
Other	(548,585)	145,976
Net cash used in operating activities	**(11,739,957)**	**(7,678,129)**
Purchases of property, plant and equipment and intangible assets	(156,622)	(180,812)
Disposals of property, plant and equipment and intangible assets	265,100	-
Changes in amounts payable on non-current assets	-	(10,250)
Proceeds from the negative acquisition price of assets acquired in 2012	6,185,200	8,148,400
Net change in other non-current financial assets	-	
Net cash from investing activities	**6,293,678**	**7,957,338**
Capital increase*	45,055,960	-
Repayment of debt	(74,123)	(101,859)
Other changes	15,044	117,556
Net cash from financing activities	**44,996,880**	**15,697**
Net increase in cash and cash equivalents	**39,550,601**	**294,906**
Cash and cash equivalents at beginning of period	24,867,573	22,595,791
Cash and cash equivalents at end of period	64,418,174	22,890,697
Net increase in cash and cash equivalents	**39,550,601**	**294,906**

**Net of issue fees deducted from the issue premium*

2. Notes to the financial statements

2.1. Company information

2.1.1. Company information

Inventiva (the Company) is a clinical stage biotechnology research company delivering breakthrough therapies in the areas of oncology, fibrosis and rare diseases. The most advanced clinical programs (lanifibranor for systemic sclerosis and Non-Alcoholic SteatoHepatitis (NASH), and odiparcil for Maroteaux-Lamy syndrome – MPS VI) have demonstrated efficacy in relevant in vivo and in vitro models as well as safety in Phase I and Phase II clinical trials.

Using its in-house drug discovery platform, which covers target validation, screening, chemistry, ADME and pharmacology, Inventiva is developing an innovative internal oncology and fibrosis discovery pipeline with approaches centered on transcription factors, epigenetics targets and nuclear receptors. The Company also uses its expertise to develop research service activities in partnership with pharmaceutical industry operators.

Inventiva has been granted Young Innovative Enterprise (*Jeune Entreprise Innovante*) status in France until 2018 and is eligible for the research tax credit (*Crédit d'Impôt Recherche*) approved by the French Ministry for Education, Higher Education and Research.

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

2.1.2. Significant events in first-half 2017

Significant events during the period were as follows:

a) Initial public offering

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

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

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

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

As part of the IPO, the Company incurred transaction costs of €3,995,528 related to both the IPO and the capital increase during the six months ended June 30, 2017.

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

These transaction costs had the following impacts on the first-half 2017 financial statements:

- Transaction costs directly attributable to the capital increase have been accounted for as a deduction from the issue premium in an amount of €3,884,458.
- Other transaction costs not directly attributable to the capital increase (but attributable to the IPO) were transferred to non-recurring expenses in an amount of €668,209 in the first half of 2017.

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

b) Strengthening of odiparcil intellectual property rights in the United States

In February 2017, Inventiva was granted a patent protecting the use in the United States of odiparcil in the treatment of MPS VI. With the patent also granted in 30 European countries and applications pending in other countries worldwide (Japan, South Korea, Canada, etc.), Inventiva's exclusive use of odiparcil in all of its key markets is now secured until October 2034. In addition, Inventiva's divisional patent application in Europe to protect the use of odiparcil for the treatment of other forms of mucopolysaccharidoses (MPS) was approved this year, while a continuation-in-part application filed in 2017 in the United States for comparable protection is currently pending.

c) Phase IIb study of lanifibranor (formerly IVA 337)

Phase IIb of the NATIVE (Nash Trial to Validate IVA 337 Efficacy) study on the effects of lanifibranor on patients afflicted with non-alcoholic steatohepatitis (NASH), which was launched at the beginning of the second half of 2016, continues to be developed with the gradual opening of new sites despite falling behind the initial schedule due to increased competition in enrolling patients in clinical centers.
The development of this study led to a significant increase in operating expenses during the period.

d) Liquidity agreement

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

At June 30, 2017, treasury shares acquired by Inventiva through its ISP, as well as the gains or losses resulting from share purchase, sale, issue and cancellation transactions during first-half 2017, were accounted for as a deduction from equity. Consequently, these transactions had no impact on the Company's results for the period.

e) New share warrant (BSA) and bonus share (AGA) award plans

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

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

The plans have the following characteristics:

- a two-year vesting period for AGA 2017-1 shares;
- a one-year vesting period for AGA 2017-2 shares;
- a one-year lock-up period;
- a service condition;
- no performance conditions.

Accordingly, the fair value of Inventiva AGA 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 AGA bonus share was estimated at €7.04.

On May 29, 2017, the Company's Board of Directors allotted 195,000 BSA share warrants ("BSA 2017") to Board members. BSA 2017 share warrants are share subscription options with no performance conditions attached. The plan is divided into three tranches with one-, two- and three-year vesting periods. On May 29, 2017, the fair value of the BSA share warrants was estimated using the Black-Scholes model based on the following assumptions:

- value of the underlying asset at May 29, 2017;
- volatility observed in two samples of comparable listed companies;
- economic life (middle of exercise period).

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

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

Movements of awarded BSA share warrants and bonus shares as well as the accounting impact of share-based payments are described in Note 2.3.7.

f) Sale of a real estate asset

The Company sold a real estate asset in the first half of 2017. Control of the residential property, which was acquired by paying a life annuity, had been transferred to the Company as part of the Asset Purchase Agreement entered into on August 27, 2012 (as described in Note 2.1.2 to the financial statements for the year ended December 31, 2016). The sale of this asset to a third party on May 5, 2017 resulted in the recognition of a gain on the disposal of an asset of €228,447. The proceeds of the sale and the impact of the asset disposal were recorded in non-recurring income.

2.2. Accounting policies and methods

2.2.1. Basis of preparation

The Company, having neither subsidiaries nor equity investments, has prepared financial statements for first-half 2017 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and whose application has been mandatory since January 1, 2017.

The interim financial statements prepared in accordance with IFRS cover the six months ended June 30, 2017. They were approved by the Board of Directors of the Company on September 25, 2017.

The interim financial statements were prepared in accordance with IFRS and in compliance with IAS 34 – Interim Financial Reporting, which provides for the presentation of selected explanatory notes. The accompanying notes do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Company's financial statements prepared in accordance with IFRS for the period ended December 31, 2016.

2.2.2. IFRS basis adopted

The accounting policies applied by the Company in the preparation of the interim financial statements for the six months ended June 30, 2017 are identical to those used in the annual financial statements prepared in accordance with IFRS for the period ended December 31, 2016, with the exception of specific provisions for the preparation of interim financial statements.

The standards, amendments to existing standards and interpretations adopted by the European Union that came into force on January 1, 2017 are either not applicable or have no material impact on the financial statements for the six months ended June 30, 2017.

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

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

Standards, amendments to existing standards and interpretations published by the IASB whose application is mandatory after June 30, 2017 and that have been early adopted by the Company

No standards, amendments to existing standards or interpretations had been early adopted by the Company at June 30, 2017.

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

- IFRS 9 – Financial Instruments replaces IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 sets out three classification categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Classification depends on the entity's business model and the financial asset's cash flow characteristics. Accounting for financial liabilities under IFRS 9 remains very similar to IAS 39, but requires all changes in the credit risk of a liability measured at fair value through profit or loss to be recognized in other comprehensive income. IFRS 9 has not yet been adopted by the European

Union but it should be effective for annual periods beginning on or after January 1, 2018. The Company has not analyzed the impacts of applying the standard but expects them to be marginal.

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

IFRS 15 is effective from January 1, 2018. The Company is currently assessing the application of IFRS 15, with the impact on revenue expected to be potentially material, especially as regards revenue recognized on the basis of payment milestones. As of the date of this report, the Company anticipates applying the modified retrospective transition method.

IFRS 16 – Leases replaces IAS 17 – Leases, and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the customer ("lessee") and the supplier ("lessor"). IFRS 16 eliminates the requirement to classify leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize (i) assets and liabilities for all leases with a term of more than 12 months, and (ii) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 is effective from January 1, 2019. IFRS 16 may be early-adopted before that date if the entity also applies IFRS 15.

2.2.3. Use of estimates

The preparation of financial statements requires management to make judgments and estimates, and apply assumptions that can affect the carrying amounts of assets, liabilities, revenues and expenses, as well as the information presented in the accompanying notes. Actual reported values may differ from the accounting estimates made.

The material judgments and main estimates used by management when applying the Company's accounting policies in the preparation of these interim financial statements are identical to those described in the annual financial statements prepared in accordance with IFRS for the period ended December 31, 2016.

2.2.4. Financial risk factors

The financial risk factors are identical to those described in the annual financial statements prepared in accordance with IFRS for the period ended December 31, 2016.

2.2.5. Fair value measurement

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 June 30, 2017:

June 30, 2017 – In euros	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at fair value through profit or loss			
Monetary UCITS	534,818	**-**	**-**
Assets held for sale			
Monetary UCITS	151,280	**-**	**-**
Total assets	**686,098**	**-**	**-**
Liabilities	-	-	-
Total liabilities	**-**	**-**	**-**

The majority of the UCITS (presented above under Financial assets at fair value through profit or loss and under Assets held for sale) have been classified in Cash and cash equivalents, with the exception of those UCITS pledged as collateral for a loan contracted during 2015. These UCITS units are blocked and do not meet the criteria for classification in Cash and cash equivalents (see Financial assets at fair value through profit or loss in the table above). Consequently, they have been classified as Assets held for sale.

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

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

2.2.6. Specific disclosure requirements for interim financial statements

Seasonality of operations
The Company's operations are not subject to material seasonal fluctuations.

Income tax
Income tax is recognized in the financial statements for each interim period. The amount corresponds to a best estimate calculated by applying the expected weighted average tax rate for the entire year.
The income tax amount recorded as due for an interim period may have to be adjusted in the subsequent interim period of the same year if the estimated annual average tax rate changes.

2.3. Notes to the balance sheet

2.3.1. Intangible assets

In euros	June 30, 2017	Dec. 31, 2016
Intangible assets, gross	3,442,326	3,431,986
Amortization and impairment	(1,544,668)	(1,358,686)
Intangible assets, net	**1,897,658**	**2,073,300**

Changes during the period mainly correspond to amortization charges of €185,983 and acquisitions in an amount of €10,343.
In the absence of any indication of a loss of value, no impairment tests have been performed on intangible assets.

2.3.2. Property, plant and equipment

In euros	June 30, 2017	Dec. 31, 2016
Property, plant and equipment, gross	8,766,293	8,704,710
Depreciation and impairment	(4,057,799)	(3,747,163)
Property, plant and equipment, net	**4,708,494**	**4,957,547**

Changes during the period mainly correspond to depreciation charges of €366,180 and acquisitions (chiefly related to technical facilities, equipment and tooling) in an amount of €146,280.
In the absence of any indication of a loss of value, no impairment tests have been performed on property, plant and equipment.

2.3.3. Available-for-sale assets

In euros	June 30, 2017	Dec. 31, 2016
Financial instruments pledged as collateral	151,280	149,001
Available-for-sale assets	**151,280**	**149,001**

At June 30, 2017, the UCITS pledged as collateral for two bank loans were valued at €151,280.

2.3.4. Inventories

In euros	June 30, 2017	Dec. 31, 2016
Laboratory inventories	500,779	471,879
Total inventories	**500,779**	**471,879**

2.3.5. Trade and other receivables

Trade receivables

Trade receivables break down as follows:

In euros	June 30, 2017	Dec. 31, 2016
3 months or less	161,535	771,131
Between 3 and 6 months	-	-
Between 6 and 12 months	-	-
More than 12 months	-	-
Trade receivables	**161,535**	**771,131**

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

Other current assets

In euros	June 30, 2017	Dec. 31, 2016
Income tax receivables	**6,179,392**	**3,730,753**
Prepaid expenses	952,905	1,587,766
Recoverable sales taxes	925,209	932,433
Other receivables	1,112,801	2,711,186
Other receivables and accruals	**2,990,915**	**5,231,385**
Other current assets	**-**	**6,175,777**

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

The change in tax receivables during the period is mainly due to the provision for research tax credits for first-half 2017 in an amount of €2,067,605 whereas the research tax credit in respect of 2016 was only paid on August 10, 2017.

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

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

The majority of Prepaid expenses correspond to disposables, IT maintenance costs, patent maintenance fees and insurance contributions paid in respect of second-half 2017.

2.3.6. Cash and cash equivalents

In euros	June 30, 2017	Dec. 31, 2016
UCITS and certificates of deposit	536,242	6,179,561
Other cash equivalents	51,972,400	14,988,979
Cash at bank and at hand	11,909,532	3,699,034
Cash and cash equivalents	**64,418,174**	**24,867,573**
Bank overdrafts	-	(3,122)
Net cash and cash equivalents	**64,418,174**	**24,864,451**

This increase in cash and cash equivalents is mainly attributable to the capital increase described in Note 2.1.2.

2.3.7. Shareholders' equity

Share capital

Share capital amounted to €164,445 at June 30, 2017, compared with €100,300 at December 31, 2016. As of January 1, 2017, the share capital was divided into 10,030,000 fully paid-up shares with a par value of €0.01 each. Pursuant to the delegation granted by the Combined General Meeting of September 30, 2016 in its tenth resolution (concerning principally the issuance of new ordinary shares without pre-emptive subscription rights through public offerings in connection with the IPO), the Board of Directors decided on February 14, 2017 to issue 5,651,240 new shares with a par value of €0.01 each at an issue price of €8.50 per share (including an issue premium of €8.49 per share), for a nominal capital increase amount of €56,512.40 plus a total premium of €47,979,027.60 (before deduction of related costs).

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

Pursuant to the authorization granted by the 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 (*Code de commerce*), the Board of Directors decided on March 16, 2017 to increase the share capital in an amount of €470,364.50 by way of the issuance without pre-emptive subscription rights of 55,337 additional new shares with a par value of €0.01 each, corresponding to the exercise of 19.58% of the over-allotment option. In accordance with Article L. 225-135-1 of the French Commercial Code, the issue price of the 55,337 additional new shares was set at €8.50 (i.e., including an issue premium of €8.49 per ordinary share), representing a gross total subscription amount of €470,364.50 (of which €469,811.13 corresponds to the total issue premium). Consequently, the share capital increased as of March 16, 2017 from €156,812.40 (comprised of 15,681,240 ordinary shares with a par value of €0.01 each) to €157,365.77 rounded in accordance with the rounding rules usually applied to euros (comprised of 15,736,577 ordinary shares with a par value of €0.01 each).

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

Liquidity agreement

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

Share warrants and bonus shares

Share-based payments correspond to:

- BSPCE share warrants granted to the Company's employees;
- BSA share warrants granted to a Company service provider and members of the Board of Directors with a subscription price set at €0.01;
- AGA bonus shares awarded to Company employees.

BSA and BSPCE share warrant movements

Type	Grant date	Exercise price (in euros)	Outstanding at Dec. 31, 2016	Issued	Exercised	Forfeited	Outstanding at June 30, 2017	Number of shares under option
BSA – 2015 plan	May 28, 2015	0.67	150,000	-	150,000	-	-	-
BSPCE – 2015 plan	May 28, 2015	0.67	219,600	-	89,900	25,600	104,100	104,100
BSPCE – 2013 plan	Dec. 25, 2013	0.59	835,500	-	468,000	3,800	363,700	363,700
BSA – 2017 plan	May 29, 2017	0.53	-	195,000	-	-	195,000	195,000

At June 30, 2017, a total of 467,800 BSPCE share warrants and 195,000 BSA share warrants were outstanding. Each BSPCE share warrant and BSA share warrant corresponds to one share.

AGA bonus share movements

Type	Grant date	Reference price	Outstanding at Dec. 31, 2016	Issued	Exercised	Forfeited	Outstanding at June 30, 2017	Number of shares under option
AGA – 2017-1 plan	Apr. 18, 2017	7.35	-	82,300	-	(2,400)	79,900	79,900
AGA – 2017-2 plan	Apr. 18, 2017	7.35	-	60,000	-	-	60,000	60,000

At June 30, 2017, a total of 139,900 AGA bonus shares were outstanding. AGA 2017-1 bonus shares are exercisable from April 18, 2019 to April 18, 2020, subject to a service condition. AGA 2017-2 bonus shares are exercisable from April 18, 2018 to April 18, 2021, subject to a service condition.
Share-based payment expenses amounted to €177,685 in first-half 2017 versus €18,982 in first-half 2016.

Basic and diluted earnings per share

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

In euros	First-half 2017	First-half 2016
Net income (loss) for the period	(9,781,449)	(4,085,061)
Number of shares	14,646,497	10,030,000
Basic earnings (loss) per share	**(0.67)**	**(0.41)**
Adjusted net income (loss) for the period	(9,781,449)	(4,085,061)
Dilutive effect of share-based payments	458,348	-
Diluted earnings (loss) per share	**(0.65)**	**(0.41)**

In accordance with IAS 33, the weighted average number of ordinary shares outstanding in first-half 2017 is calculated as follows:

In euros	First-half 2017	Days in the period	Coefficient	Weighted average
Number of shares at the beginning of the period	10,030,000	N/A	N/A	10,030,000
IPO – Excluding over-allotment	5,651,240	136	0.75	4,246,236
IPO – Over-allotment	55,337	134	0.74	40,968
Exercise of BSAs/BSPCEs	707,900	88	0.49	344,172
Treasury shares held in first-half 2017 through the liquidity agreement	(14,879)	N/A	N/A	(14,879)
Total	**16,429,598**			**14,646,497**

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

2.3.8. Financial Debt

	June 30, 2017	Dec. 31, 2016
Bank borrowings	435,830	510,048
Other loans and similar borrowings	114,653	117,556
Accrued interest on borrowings	-	-
Total long-term debt	**550,483**	**627,604**
Effect on interest calculations of using amortized cost	-	-
Effect of spreading debt issuance costs over time	-	-
Total repayment value of bank borrowings and debt	**550,483**	**627,604**

Changes during the period mainly correspond to repayment of borrowing in the amount of €74,123.

Debt maturity is as follows:

June 30, 2017 – In euros	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Bank borrowings	146,493	276,364	12,974	-
Other loans and similar borrowings	-	114,653	-	-
Accrued interest on borrowings	-	-	-	-
Total long-term debt	**146,493**	**391,017**	**12,974**	**-**

The maturity of long-term debt and of short-term borrowings and debt is determined according to repayment estimates as at June 30, 2017.

2.3.9. Deferred taxes

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

In euros	June 30, 2017	Dec. 31, 2016
Deferred tax assets		
	210,010	194,604
Deferred tax liabilities	(1,990,599)	(3,012,580)
Net deferred tax liability	**(1,780,589)**	**(2,817,976)**

Changes in deferred taxes are set out below:

In euros	First-half 2017	Full-year 2016
At beginning of period	**(2,817,976)**	**(8,927,758)**
Income (expense) in the income statement	1,028,886	6,094,142
Debit (credit) in other comprehensive income	8,501	15,641
At end of period	**(1,780,589)**	**(2,817,976)**

The material changes in deferred taxes presented in the balance sheet for these reporting periods mainly correspond to the reduction in the temporary difference related to the IFRS treatment of the business combination of August 27, 2012 (see note 2.1.2 to the financial statements prepared in accordance with IFRS for the period ended December 31, 2016).

2.3.10. 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.

Net provision

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

In euros	June 30, 2017	Dec. 31, 2016
Retirement benefit obligations	750,035	695,015
Fair value of plan assets	-	-
Obligation	**750,035**	**695,015**

Given the absence of plan assets at June 30, 2017 and December 31, 2016, the total amount of the provision corresponds to the estimated obligation at those dates.

Change in net provision

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

In euros	First-half 2017	Full-year 2016
Provision at beginning of period	**(695,015)**	**(470,622)**
Expense for the period	(96,516)	(164,245)
Actuarial gains or losses recognized in other comprehensive income	33,497	(60,148)
Benefits for the period	7,999	-
Provision at end of period	**(750,035)**	**(695,016)**

Breakdown of expense recognized for the period

In euros	First-half 2017	First-half 2016
Service cost for the period	91,790	155,162
Interest cost for the period	4,726	9,083
Total	**96,516**	**164,245**

2.3.11. Trade and other payables

In euros	June 30, 2017	Dec. 31, 2016
Trade and other payables	4,015,275	4,364,428
Other payables and accruals	2,755,412	4,091,094
Total trade and other payables	**6,770,687**	**8,455,432**

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

2.3.12. Other current liabilities

In euros	June 30, 2017	Dec. 31, 2016
Short-term debt	**146,493**	**145,746**
Tax liabilities	**-**	**-**
Employee-related payables	931,215	1,126,602
Accrued payroll and other employee-related taxes	863,578	880,771
Sales tax payables	291,421	191,937
Other accrued taxes and employee-related expenses	149,790	165,850
Amounts payable on non-current assets	-	-
Other miscellaneous payables	25,279	47,453
Deferred income	494,129	1,678,435
Other payables and accruals	**2,755,412**	**4,107,094**
Other current liabilities	**2,901,904**	**4,236,795**

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

Accrued payroll and other employee-related taxes mainly relates to payables to social security and employee-benefit organizations such as URSSAF, KLESIA and APGIS for the second three months 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.
Deferred income primarily relates to the Company's MRSA with AbbVie.

2.3.13. Financial assets and liabilities

Financial assets and liabilities are presented in accordance with IAS 39:

June 30, 2017

Balance sheet assets – In euros	Loans and receivables	Assets carried at fair value through profit or loss	Available-for-sale assets	Investments held to maturity	Total
Available-for-sale assets	-	-	151,280	-	151,280
Other non-current assets	237,032	-	-	-	237,032
Trade receivables	161,535	-	-	-	161,535
Other receivables	312,251	-	-	-	312,251
Cash and cash equivalents	-	64,418,174	-	-	64,418,174
Total assets	**710,818**	**64,418,174**	**151,280**	**-**	**65,280,272**

Balance sheet liabilities – In euros	Liabilities carried at fair value through profit or loss	Liabilities carried at amortized cost	Total
Long-term debt	-	403,991	403,991
Short-term debt	-	146,493	146,493
Trade and other payables	-	4,015,275	4,015,275
Other payables	-	25,279	25,279
Total liabilities	**-**	**4,591,037**	**4,591,037**

December 31, 2016

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

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

2.4. Notes to the income statement

2.4.1. Operating income

In euros	First-half 2017	First-half 2016
Revenue	2,658,227	4,140,445
Total revenue	**2,658,227**	**4,140,445**
Subsidies	520,659	276,191
Research tax credit	2,067,605	2,319,578
Other	7,517	42
Other operating income	**2,595,781**	**2,595,811**
Total income	**5,254,008**	**6,736,256**

The majority of the Company's revenue is derived from its research partnership with AbbVie and the provision of services. The decline in revenue of €1,482,218, or 36%, in first-half 2017 is primarily due to the following:

- A milestone was reached in first-half 2016 under the AbbVie contract, which generated a €2,000 thousand payment to the Company. The AbbVie contract expired on June 30, 2017. As mentioned in section 2.5.4 *Events after the reporting date*, this contract was renewed in September 2017.
- This decrease was offset by a rise of some €334 thousand in income from partnerships, particularly the partnership with Boehringer Ingelheim.

Other tax credits do not include the CICE tax credit (*Crédit d'impôt pour la compétitivité et l'emploi*) which is recognized as a deduction from personnel costs in accordance with IFRS.

Income from subsidies mainly corresponds to funding from Bpifrance for the EMTherapy project as part of the Eurostars program, as described in section 2.1.2 *Significant events* to the financial statements prepared in accordance with IFRS for the period ended December 31, 2016.

2.4.2. Operating expenses

First-half 2017 – In euros	Research and development costs	Marketing – Business development	General and administrative expenses	Total
Disposables	1,089,956	-	-	1,089,956
Energy and liquids	263,564	-	-	263,564
Patents	228,427	-	-	228,427
Studies	6,663,720	-	-	6,663,720
Maintenance	423,891	-	-	423,891
Fees	27,273	21,257	640,772	689,302
IT systems	368,080	-	29,873	397,954
Support costs (including taxes)	-	-	299,128	299,128
Personnel costs	3,582,818	206,304	1,003,114	4,792,236
Depreciation, amortization and provisions	433,564	-	118,599	552,163
Other operating expenses	160,487	10,187	576,232	746,906
Total operating expenses	**13,241,781**	**237,749**	**2,667,718**	**16,147,247**

First-half 2016 – In euros	Research and development costs	Marketing – Business development	General and administrative expenses	Total
Disposables	1,236,533	-	-	1,236,533
Energy and liquids	249,985	-	-	249,985
Patents	245,445	-	-	245,445
Studies	4,319,136	-	-	4,319,136
Maintenance	507,992	-	-	507,992
Fees	9,100	28,456	179,847	217,403
IT systems	364,533	-	27,460	391,993
Support costs (including taxes)	-	-	285,617	285,617
Personnel costs	3,376,526	187,155	828,861	4,392,542
Depreciation, amortization and impairment	416,950	-	157,988	574,938
Other operating expenses	155,084	44,688	282,934	482,706
Total operating expenses	**10,881,283**	**260,299**	**1,762,707**	**12,904,289**

2.4.3. Personnel costs and headcount

First-half 2017 – In euros	Research and development costs	Marketing – Business development	General and administrative expenses	Total
Wages, salaries and similar costs	2,488,747	189,988	651,008	3,329,743
Payroll taxes	994,267	26,500	272,141	1,292,908
CICE tax credit	(62,017)	(9,791)	-	(71,808)
Provisions for retirement benefit obligations	69,841	-	19,606	89,447
Share-based payment	106,046	(393)	72,032	177,685
Subsidies received and expense reclassifications	(14,066)	-	(11,673)	(25,739)
Total personnel costs	**3,582,818**	**206,304**	**1,003,114**	**4,792,236**

First-half 2016 – In euros	Research and development costs	Marketing – Business development	General and administrative expenses	Total
Wages, salaries and similar costs	2,428,571	158,528	597,643	3,184,743
Payroll taxes	941,345	25,925	235,405	1,202,766
CICE tax credit	(55,850)	-	(8,989)	(64,839)
Provisions for retirement benefit obligations	60,214	953	15,676	76,843
Share-based payment	14,506	1,749	2,727	18,982
Subsidies received and expense reclassifications	(12,351)	-	(13,602)	(25,953)
Total personnel costs	**3,376,526**	**187,155**	**828,861**	**4,392,542**

The Company had 104 employees at June 30, 2017, compared with 110 at June 30, 2016.

2.4.4. Financial income and expenses

In euros	First-half 2017	First-half 2016
Income from cash and cash equivalents	155,906	129,091
Foreign exchange gains	23,244	10,888
Other financial income	54,157	52,717
Discounting gains	9,423	84,247
Total financial income	**242,731**	**276,943**
Interest cost	(2,874)	(3,785)
Foreign exchange losses	(11,310)	(11,834)
Other financial expenses	(4,512)	(125)
Discounting losses	-	(4,922)
Total financial expenses	**(18,697)**	**(20,666)**
Net financial income	**224,034**	**256,277**

2.4.5. Income tax

France's 2017 Finance Act introduced a progressive change in corporate income tax rates. By 2020, all companies will be taxed at a rate of 28%. However, as the 28% tax rate only applies to the portion of the tax benefit between €38,120 and €75,000, the tax rate in effect in France applicable to the Company in fiscal 2017 is considered to be 33.33%.

In euros	First-half 2017	First-half 2016
Loss before tax	(11,118,668)	(6,360,819)
Theoretical tax rate	33.33%	33.33%
Theoretical income tax benefit	**3,705,852**	**2,120,061**
Tax credits	691,595	794,806
Permanent differences	(2,343)	28,070
Other differences	(3,057,886)	(667,179)
Income tax benefit as recognized in the income statement	**1,337,219**	**2,275,758**
Of which current taxes	333,333	(224,927)
Of which deferred taxes	1,003,886	2,500,685
Effective tax rate	**12.03%**	**35.78%**

The income tax calculation method for interim periods is set out in Note 2.2.6 *Specific disclosure requirements for interim financial statements*.
The effective tax rate for first-half 2017 was 12.03%, compared to 35.78 % for first-half 2016.

Deferred tax income recognized during the periods presented chiefly reflect the impact on deferred tax liabilities of the APA (€2,379 thousand for first-half 2017 compared to €3,111 thousand for first-half 2016).

In accordance with IAS 34, income tax expense (or benefit) recognized in the financial statements for each interim period is adjusted based on a best estimate calculated by applying the expected weighted average tax rate for the entire year.

The decrease in the tax rate for the period compared with first-half 2016 relates to settlement at June 30, 2017 of the temporary tax difference resulting from the APA.

2.5. Other financial information

2.5.1. Contingent assets and liabilities

None.

2.5.2. Off-balance sheet commitments

Commitments given

Financial instruments pledged as collateral

As collateral for three bank loans contracted in 2015, the Company has given three pledges on financial asset accounts.

Bank borrowings

- As collateral for the loan from Crédit Agricole agreed on April 23, 2015 for €285 thousand at a fixed annual rate of 1.32% repayable in regular installments over a 60-month term, monetary UCITS were pledged with a value of €150 thousand as of the pledge date. This pledge expired in August 2017.

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

- As collateral for the loan from Société Générale agreed on July 7, 2015 for €254 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.

Credit facilities

As of June 30, 2017, the Company had terminated all of its credit facilities with Société Générale and Crédit Agricole. The related pledges expired during the first half of 2017.

Commitments received

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, in return for monthly rental payments of €3,820 during the first year, €4,120 during the second year and €4,200 during the third year. The total commitment received amounted to €5,573 as of June 30, 2017.

Agreement with Genoway

On November 4, 2015, the Company signed a contract to make its premises and facilities available to Genoway for a 3-year period beginning December 1, 2015, in return for an annual rental payment of €93,830. The total commitment received amounted to €132,926 as of June 30, 2017.

Agreement with Synthecob

On March 21, 2016, the Company signed a contract to make its research equipment and services available to Synthecob for a two-year period beginning April 1, 2016, in return for a rental payment of €16,956 for the first year and €17,292 for the second year. The total commitment received amounted to €12,969 as of June 30, 2017.

2.5.3. Related-party transactions

No new material transactions were concluded with related parties of the Company during first-half 2017.

2.5.4. Events after the reporting date

Partnership with Boehringer Ingelheim for the treatment of idiopathic pulmonary fibrosis

Inventiva has signed a collaboration agreement with Boehringer Ingelheim to research and discover new drugs with a view to validating a new therapeutic approach to treating idiopathic pulmonary fibrosis (IPF) and other fibrotic diseases. Inventiva will be eligible for milestone payments and royalties. The agreement with Boehringer Ingelheim provides for milestone payments of up to €170 million and tiered royalty payments for any product resulting from the partnership.

The collaboration option was exercised following the validation of a new fibrosis target and triggers a milestone payment of €2.5 million to Inventiva.

Partnership with AbbVie

Inventiva is currently partnered with AbbVie to develop small molecules that inhibit the production of pro-inflammatory cytokines that cause moderate to severe psoriasis and other diseases today treated by biologic agents.

On September 4, 2017, the Company announced a new agreement with AbbVie to discover and develop new orally available RORγ inverse agonists. The agreement extends the current partnership with AbbVie in the area of RORγ, which has already brought one drug candidate to Phase I clinical trials.
Under the terms of the new agreement, Inventiva will receive undisclosed research subsidies and milestone payments if a new clinical candidate is identified. In addition, new molecules identified are eligible for clinical development and sales milestones as well as royalties on sales.

The Company also announced that ABBV-553, AbbVie's most advanced ROR-γ agonist, will be halted after the Phase I clinical study.

Tax audit

The Company is subject to a tax audit for the fiscal years beginning January 1, 2013 and ending December 31, 2015.

- *Payroll taxes*

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

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

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

- *Research tax credit*

In February 2017, the Company received an expert report prepared by the regional research and technology authority (*Délégation régionale à la recherche et à la technologie*, DRRT) that set out the findings of a review of the research tax credit for the years ended December 31, 2013, December 31, 2014 and December 31, 2015, contesting certain items.

The Company received a tax deficiency notice on July 28, 2017 amounting to €1.8 million, excluding penalties and late payment interest. This chiefly concerns:
- the innovative nature of certain sub-contracting services;
- the exhaustivity of the technical documentation on certain eligible scientific projects;
- the eligibility of certain activities.

The Company disputes the deficiency notice and is currently preparing its response to be submitted to the tax authorities within the October 1, 2017 deadline.
Nonetheless, the Company considered that at December 31, 2016 it had a present obligation and that an outflow of resources was likely, and therefore recognized a provision as at December 31, 2016 in the amount of €346,408.

At this stage of proceedings, management's assessment of the risk has not led it to change the conclusions of the analysis conducted at December 31, 2016. Management considers that the amount currently set aside corresponds to the best estimate of the amount required to settle the obligation as of the date of issue of the financial statements.