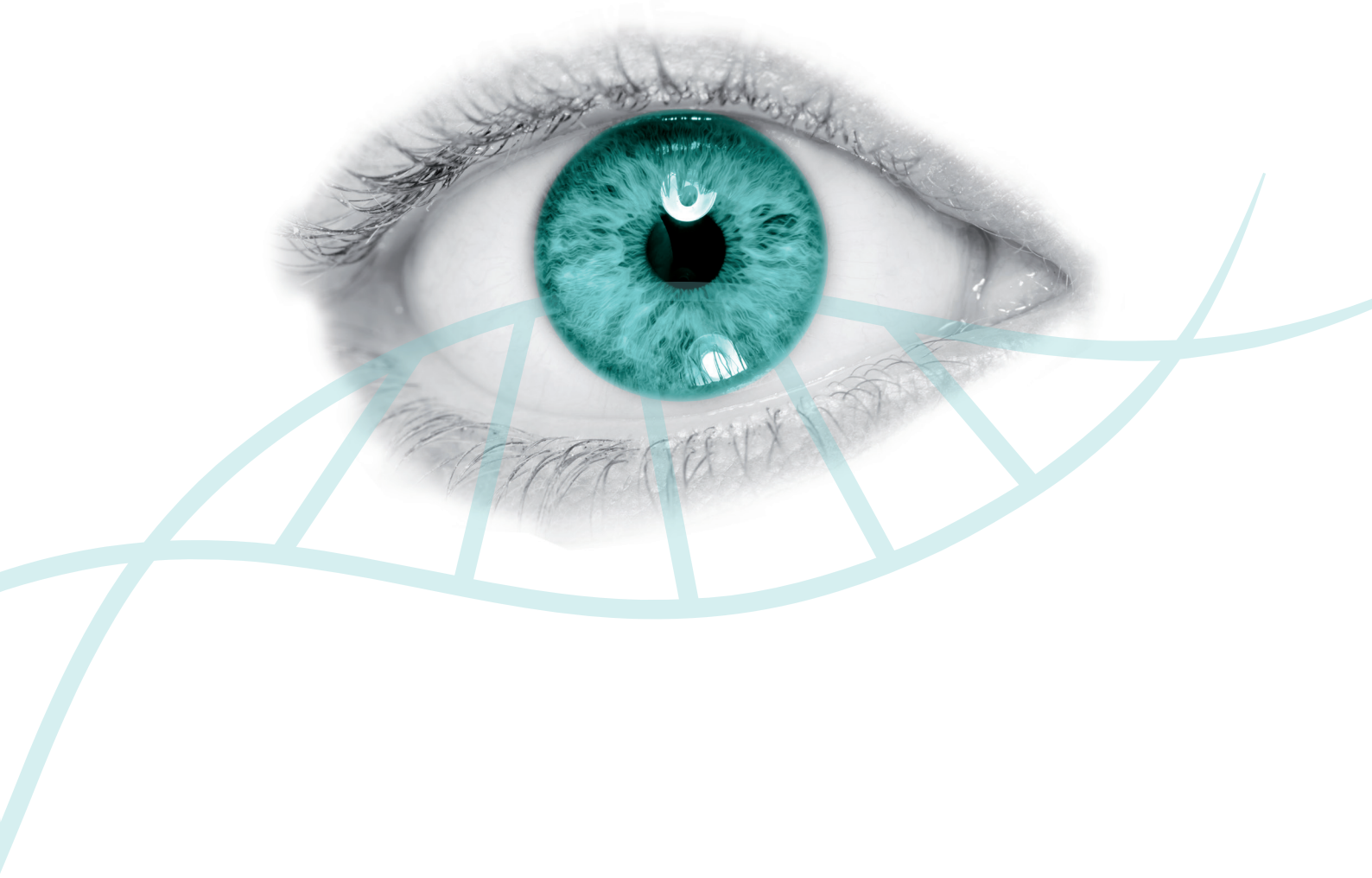
HALF-YEAR FINANCIAL REPORT 2017

JUNE 30, 2017



GenSight BIOLOGICS

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HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2017

STATEMENTS OF FINANCIAL POSITION

(Amounts in K€)	Note	As of December 31, 2016[1]	As of June 30, 2017
ASSETS			
Non-current assets			
Intangible assets	4	204	194
Property, plant and equipment	5	858	899
Other non-current financial assets	6	103	80
Total non-current assets		**1,165**	**1,173**
Current assets			
Trade accounts receivable		30	–
Other current assets	7	4,053	9,281
Cash and cash equivalents	8	53,982	63,618
Total current assets		**58,066**	**72,898**
TOTAL ASSETS		**59,231**	**74,071**

(1) The condensed consolidated balance sheet as of December 31, 2016 corresponds to GenSight Biologics SA's, as the company had no consolidated subsidiary as this date.

(Amounts in K€)	Note	As of December 31, 2016[1]	As of June 30, 2017
LIABILITIES			
Shareholders' equity	9		
Share capital		485	588
Premiums related to the share capital		91,230	112,088
Reserves		(16,293)	(36,294)
Net income (loss)		(22,082)	(10,113)
Total shareholders' equity		**53,340**	**66,269**
Non-current liabilities			
Conditional advances - non-current portion	10	2,922	2,701
Non-current provisions	11	73	62
Total non-current liabilities		**2,995**	**2,763**
Current liabilities			
Conditional advances - current portion	10	–	–
Trade accounts payable		1,734	3,944
Other current liabilities	12	1,161	1,095
Total current liabilities		**2,895**	**5,039**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**59,231**	**74,071**

(1) The condensed consolidated balance sheet as of December 31, 2016 corresponds to GenSight Biologics SA's, as the company had no consolidated subsidiary as this date.

STATEMENTS OF INCOME (LOSS)

		For the six-month period ended June 30,	
(Amounts in K€)	Note	2016[1]	2017
Operating income			
Revenues		—	—
Other income	14	1,874	1,988
Total Operating Income		**1,874**	**1,988**
Operating expenses			
Research and development	15	8,601	7,699
General and administration	15	2,593	4,377
Total Operating expenses		**11,194**	**12,076**
Operating income (loss)		**(9,320)**	**(10,088)**
Financial income	17	18	14
Financial expenses	17	(14)	(39)
Financial income (loss)		**4**	**(25)**
Income tax		—	—
Net income (loss)		**(9,316)**	**(10,113)**
Basic/Diluted earnings per share (€ / share)	**20**	**(0.68)**	**(0.51)**

(1) The condensed consolidated statements of income (loss) as of June 30, 2016 corresponds to GenSight Biologics SA's, as the company had no consolidated subsidiary as this date.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	For the six-month period ended June 30,	
(Amounts in K€)	2016[1]	2017
Net income (loss)	**(9,316)**	**(10,113)**
Actuarial gains and losses on employee benefits, net of income tax	19	24
Foreign currency translation differences, net of income tax	—	2
Total comprehensive income (loss)	**(9,297)**	**(10,086)**

(1) The condensed consolidated statements of income (loss) as of June 30, 2016 corresponds to GenSight Biologics SA's, as the company had no consolidated subsidiary as this date.

STATEMENTS OF CONDENSED CASH FLOWS

		For the six-month period ended June 30,	
(Amounts in K€)	Note	2016[1]	2017
Cash flows from operating activities			
Net profit (loss)		(9,316)	(10,113)
Reconciliation of net profit (loss) and the cash used for operating activities			
Amortization and depreciation		99	107
Retirement pension obligations		16	13
Expenses related to share-based payments	16	1,434	2,175
Other financials items		5	20
Operating cash flows before change in working capital		**(7,761)**	**(7,799)**
Accounts receivable		8	30
Accounts payable, net of prepayments		(1,663)	(1,191)
Other receivables		(1,441)	(1,949)
Other current liabilities		8	(303)
Change in working capital		**(3,087)**	**(3,412)**
Net cash flows from operating activities		**(10,849)**	**(11,211)**
Cash flows from investment activities			
Acquisitions of property, plant, and equipment		(146)	(139)
Acquisitions of intangible assets		(1)	—
Acquisitions/reimbursement of non-current financial assets		8	24
Acquisitions/reimbursement of current financial assets		-	120
Net cash flows from investment activities		**(139)**	**5**
Cash flows from financing activities			
Conditional advances received		—	—
Treasury shares		—	(120)
Warrants issuance		—	216
Capital increases, net of transaction costs	9	—	20,745
Net cash flows from financing activities		**—**	**20,840**
(Decrease)/Increase in cash and cash equivalents		**(10,988)**	**9,634**
Cash and cash equivalents at the beginning of the period		30,060	53,982
Effect of changes in exchange rates on Cash and cash equivalents		—	1
Cash and cash equivalents at the close of the period		19,072	63,618

(1) The condensed consolidated statement of cash flows as of June 30, 2016 corresponds to GenSight Biologics SA's, as the company had no consolidated subsidiary as this date.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in K€)	Share Capital		Premiums related to the share capital	Reserves	Net income (loss)	Total Shareholders' Equity
	Number of shares	Amount				
At January 1, 2016[1]	**13,609,122**	**340**	**49,796**	**(7,156)**	**(13,654)**	**29,326**
Net income (loss)	–	–	–	–	(9,316)	(9,316)
Other comprehensive income	–	–	–	19	–	19
Total comprehensive income (loss)	–	–	–	**19**	**(9,316)**	**(9,297)**
Allocation of prior period net income (loss)	–	–	–	(13,654)	13,654	–
Share-based payments	–	–	–	1,434	–	1,434
At June 30, 2016[1]	13,609,122	340	49,796	(19,356)	(9,316)	21,464
At January 1, 2017	**19,409,701**	**485**	**91,230**	**(16,293)**	**(22,082)**	**53,340**
Net income (loss)	–	–	–	–	(10,113)	(10,113)
Other comprehensive income	–	–	–	27	–	27
Total comprehensive income (loss)	–	–	–	**27**	**(10,113)**	**(10,086)**
Allocation of prior period income (loss)	–	–	–	(22,082)	22,082	–
Capital increase by issuance of Ordinary shares	3,750,000	94	22,406	–	–	22,500
Capital increase transaction costs	–	–	(1,755)	–	–	(1,755)
Capital increases related to exercises of warrants	374,552	9	206	–	–	216
Treasury shares	–	–	–	(120)	–	(120)
Share-based payments	–	–	–	2,175	–	2,175
At June 30, 2017	23,534,253	588	112,088	(36,294)	(10,113)	66,269

(1) The condensed consolidated statement of change in shareholder's equity as of June 30, 2016 corresponds to GenSight Biologics SA's, as the company had no consolidated subsidiary as this date.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1: General information about the Company

Founded in 2012, GenSight Biologics (hereinafter referred to as the **"Company"** and together with its subsidiary as the **"Group"**) is a clinical-stage biotechnology group discovering and developing novel therapies for neurodegenerative retinal diseases and diseases of the central nervous system. GenSight Biologics' pipeline leverages two core technology platforms, the Mitochondrial Targeting Sequence (MTS) and optogenetics, to help preserve or restore vision in patients suffering from severe degenerative retinal diseases. The Group focus is in ophthalmology where it develops product candidates to restore eyesight to patients suffering from retinal diseases that would otherwise lead to blindness.

Note 2: Significant events during the period

2.1 Capital increase

On June 23, 2017, the company operated a capital increase whose gross proceeds amounted to €22.5 million, by means of a private placement reserved to a category of persons, US and European institutional investors specialized in healthcare and biotechnology. The majority of the new shares were allocated to US investors. This increase corresponds to 3,750,000 new shares, par value €0.025 each.

The funds raised will be allocated to prepare for the commercial launch of GS010 in Europe and the United States, notably initiating marketing and market access activities, as well as the establishment of a marketing infrastructure. The funds will strengthen the cash position of the Company and enhance the Company's financial visibility until Q1 2019.

2.2 Activity

On January 31, 2017, GenSight Biologics announced that the U.S. Food and Drug Administration (FDA) has granted orphan drug designation (ODD) to the Company's product candidate GS030 for the treatment of retinitis pigmentosa.

On February 21, 2017, GenSight Biologics announced that enrollment in REVERSE, a Phase III clinical trial of GS010 in the treatment of Leber's Hereditary Optic Neuropathy (LHON), has been successfully completed.

On June 14, 2017, the company reported additional promising clinical trial results with GS010 after 96 weeks of follow-up in its Phase I/II study. These results confirm the long-term positive sustained visual acuity gain after 2 years with a single intravitreal injection of GS010 in patients with Leber's Hereditary Optic Neuropathy (LHON), especially in those with less than 2 years of disease onset.

2.3 Changes in consolidation scope

On April 28, 2017, the Company created its first subsidiary, GenSight Biologics Inc., registered and located in the United States of America. This US-based subsidiary is held at 100% by GenSight Biologics S.A. and is fully consolidated.

These financial statements are therefore the first consolidated financial statements of the group thus formed.

The financial information as at June 30, 2016 and December 31, 2016 corresponds to the information previously published and includes only business flows unique to the parent company GenSight Biologics S.A., which had no equity interest in a subsidiary over the periods in question.

Note 3: Accounting principles and compliances

3.1 Preliminary remarks

The presented condensed financial statements are expressed in thousands of euros, unless stated otherwise. The Reporting date for the condensed consolidated accounting statements is June 30, and covers a six- month period. The individual statements of consolidated subsidiaries are prepared at the same Reporting date, *i.e.* June 30, and cover the same period.

The semi-annual condensed consolidated financial statements as of June 30, 2017 have been approved on July 27, 2017 by the Board of Directors.

3.2 Accounting principles and Statement of compliance

In compliance with European regulation n° 1606 / 2002 adopted on July 19, 2002 by the European Parliament and the European Council, the Group's consolidated financial statements for the year ending December 31, 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union on the date of preparation.

The IFRS as adopted by the European Union differ in certain aspects with the IFRS published by the IASB. Nevertheless, the Group ensured that the financial information for the periods presented would not have been substantially different if it had applied IFRS as published by the IASB. International accounting standards include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), as well as the interpretations issued by the Standing Interpretations Committee (SIC), and the International Financial Reporting Interpretations Committee (IFRIC).

The notes to the condensed consolidated financial statements at June 30, 2017 were prepared in accordance with IAS 34 – Interim Financial Reporting, as endorsed by the European Union, which requires the disclosure of selected notes only. The condensed financial statements do not include all disclosures required for annual financial statements and should therefore be read in

conjunction with the consolidated financial statements for year ended December 31, 2016.

All the texts adopted by the European Union are available on the European Commission's website: *http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm IFRS*

The condensed consolidated financial statements were prepared in accordance with the accounting principles and methods used by the Group for the 2016 financial statements and described in note 3 to consolidated financial statements for the year ended December 31, 2016. Furthermore, the condensed consolidated financial statements were prepared in compliance with other standards and interpretations in force as of January 1, 2017, with the exception of the application of the new standards and interpretations described below.

Other standards and interpretations that became applicable as of January 1, 2017

The mandatory standards, amendments and interpretations published by the IASB and applicable as of January 1, 2017 are listed below:

- On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* which specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more informative and relevant disclosures. The standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts* and a number of revenue-related interpretations. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is still in the process of assessing whether there will be a material change to its financial statements upon adoption of this new standard.
- On July 24, 2014, the IASB issued the final version of IFRS 9 Financial Instruments (2014) which replaces IAS 39 Financial instruments: recognition and measurement ("IAS 39"), bringing together the classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing whether there will be a material change to its financial statements upon adoption of this new standard.
- On December 8, 2016, the IASB issued Annual improvements to IFRSs (2014-2016) which includes various amendments to IFRSs. The company does not expect that the adoption of these amendments will be material to its financial statements.
- On January 13, 2016, the IASB issued IFRS16 Lease which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The company is still in the process of assessing whether there will be a material change to its financial statements upon adoption of this standard.
- The IASB also issued various amendments and clarifications to IAS7, IAS12, IAS28 and IFRS10, IAS40, IFRS2, IFRS4 and IFRS15. The company is still in the process of assessing whether there will be a material change to its financial statements upon adoption of these amendments.

A review of these amendments showed that their application had a non-material impact on the Group's interim financial statements, which – consequently – were not restated.

3.3 Methods of consolidation

Subsidiaries under the exclusive control of the Group are consolidated using the full consolidation method. When the accounting policies applied by subsidiaries are not consistent with those used by the Group, the necessary changes are made to the financial statements of those companies to make them compatible with the accounting policies adopted by the Group.

3.4 Functional Currency and Translation of Financial Statements in Foreign Currency

The Consolidated Financial Statements are presented in euros, which is also the functional currency of the parent Company GenSight Biologics S.A. The statements of financial position of consolidated entities having a functional currency different from the euro are translated into euros at the closing exchange rate (spot exchange rate at the statement of financial position date), and the statements of income, statements of comprehensive income and statement of cash flow of such consolidated entities are translated at the average period to date exchange rate. The resulting translation adjustments are included in equity under the caption "Cumulative translation adjustment" in the consolidated statement of changes in equity.

3.5 Conversion of Foreign Currency Transactions

Foreign currency transactions are converted to euros at the rate of exchange applicable on the transaction date. At period-end, foreign currency monetary assets and liabilities are converted at the rate of exchange prevailing on that date. The resulting exchange gains or losses are recorded in the Consolidated Statement of Income in "Financial income (loss)".

3.6 Use of estimates

In the course of preparing its interim financial statements, GenSight Biologics' management made estimates, judgments and assumptions impacting the application of accounting principles and methods as well as the carrying value of assets and liabilities and income and expense items. The main sources of uncertainty with respect to key estimates and judgments made were identical to those applied in the consolidated financial statements for the year ended December 31, 2016.

Note 4: Intangible assets

The intangible assets are broken down as follows:

(Amounts in K€)	As of December 31, 2016	As of June 30, 2017
Patents, licenses, trademarks	275	275
Software	10	10
Total historical cost	**285**	**285**
Accumulated amort. of patents, licenses, and trademarks	72	81
Accumulated depreciation of softwage packages	10	10
Accumulated amortization and depreciation	**82**	**91**
Net total	**204**	**194**

An intangible asset was recognized at December 31, 2013 as a result of the license agreement signed with Novartis. The initial recognition cost amounted to €275 K and was determined by reference to the fair value of the 670,588 ordinary shares, €0.41 per ordinary share, issued as consideration for the license.

There has been no recognition of impairment losses in application of IAS 36 *Impairment of Assets* over the periods presented.

Note 5: Property, plant and equipment

Changes in PPE gross book values and accumulated depreciation are presented in the following table:

(Amounts in K€)	As of January 1, 2017	Increase	Decrease	As of June 30, 2017
Technical equipment and installations	687	41		728
Leasehold improvement	143	39		182
Office and computer equipment	102	18		120
Furniture	256	41		297
Total gross property, plant and equipment	**1,188**	**139**	**—**	**1,327**
Accumulated depreciation of technical equipment and installations	108	27		135
Accumulated depreciation of leasehold improvement	67	31		98
Accumulated depreciation of office and computer equipment	62	13		75
Accumulated depreciation of furniture	93	26		119
Total accumulated depreciation	**330**	**98**	**—**	**427**
Total net property, plant and equipment	**858**	**41**	**—**	**899**

Note 6: Non-current financial assets

The non-current financial assets correspond to the deposit paid to the lessor for the registered offices of the Company.

(Amounts in K€)	As of December 31, 2016	As of June 30 2017
Guarantee deposits	103	80
Total non-current financial assets	**103**	**80**

The decrease in guarantee deposits as of June 30, 2017 relates to the amendment made on April 25, 2017 to the lease contract for the head office in Paris, France. Pursuant to the new terms and conditions, less square meters are used and as a result, both the rental fees and the guarantee deposit have been reduced accordingly.

At the end of the period, the Group has not yet entered into an office lease contract for its US-based subsidiary.

Note 7: Other current assets

The other current assets are broken down as follows:

(Amounts in K€)	As of December 31, 2016	As of June 30, 2016
Prepayments	133	3,531
Research tax credit	2,930	4,898
Other taxes receivable	398	465
Liquidity contract	151	31
Prepaid expenses	442	346
Other receivable	–	10
Total	**4,053**	**9,281**

- The significant increase in prepayments primarily refers to an advance payment of €3.5 million to the supplier in charge of manufacturing the lead product GS010 (Novasep). This payment primarily corresponds to reservation fees to secure the process characterization as well as the manufacturing of process performance qualification (PPQ) and first commercial batches.
- The following table shows the changes in the Research Tax Credit receivable during the six-month period ended June 30, 2017:

	Amounts in k€
Opening balance sheet receivable as of January 1, 2017	2,930
Other operating income	1,968
Payment received	–
Closing balance sheet receivable as of June 30, 2017	4,898

- Other taxes receivable essentially refers to VAT receivables.
- As of June 30, 2017, prepaid expenses were primarily rental, scientific collaborations and travel expenses.

Note 8: Cash and cash equivalents

Cash, cash equivalents and short-term investments items are broken down as follows:

(Amounts in K€)	As of December 31, 2016	As of June, 30 2017
Cash	53,982	63,618
Cash equivalents	–	–
Total cash and cash equivalent as reported in the statements of financial position	**53,982**	**63,618**
Bank overdrafts	–	–
Total net cash and cash equivalents as reported in the statements of cash flows	**53,982**	**63,618**

Note 9: Capital

9.1 Share capital issued

The share capital as of June 30, 2017 amounts to €588,356.33. It is divided into 23,534,253 fully authorized, subscribed and paid-up ordinary shares with a nominal value of €0.025.

The table below shows the changes occurred in the share capital during the six-month period ended June 30, 2017:

(Amounts in K€)	Share Capital	Share premium	Number of shares
Balance as of January 1, 2017	**485**	**91,230**	**19,409,701**
Capital increase by issuance of ordinary shares	94	22,406	3,750
Less cost of issuance of shares	—	(1,755)	—
Issue of shares upon exercise of subscription warrants(1)	9	206	375
Total as of June 30, 2017	588	112,088	23,534,253

(1) The share premium includes either the subscription price of non-employee warrants and the exercise price in excess of the share nominal value for employee and non-employee warrants.

9.2 Warrants issued and performance shares granted

All the changes relating to employee warrants, non-employee warrants and performance shares, as well as their impact on the profit and loss for the period are detailed in Note 16.

Note 10: Financial liabilities

10.1 Conditional advances

The following table shows the changes in conditional advances that occurred during the six-month period ended June 30, 2017:

	(Amounts in K€)
Balance as of January 1, 2017	**2,922**
Receipts	—
Repayments	—
Unwinding of the discount	19
Other	(240)
Balance as of June 30, 2017	2,701
Non-current portion	2,701
Current portion	—

The other movement amounting to €(240) K in the table refers to the balance sheet reclassification between deferred revenue and conditional advances relating to the discount effect of the last receipts.

10.2 Maturity dates

Maturity dates of financial liabilities as of June 30, 2017, are as follows:

(Amounts in K€)	Gross amount	Less than one year	One to five years	More than five years
Non-current conditional advances	2,701	—	550	2,151
Trade accounts payable	3,944	3,944	—	—
Total financial liabilities	**6,645**	**3,944**	**550**	**2,151**

Note 11: Non-current provisions

Non-current provisions are exclusively composed of employee benefits relating to a compensation payable to French employees upon their retirement – *Indémnités de Fin de Carrière* (IFC).

The following table shows the changes in the provision during the six-month period ended June 30, 2017:

	(Amounts in K€)
As of December 31, 2016	73
Costs of services rendered (operating expense)	13
Interest expense	0
Benefit paid	—
Actuarial gain (loss)	(24)
As of June 30, 2017	**62**

The underlying actuarial assumptions are similar to the one used at end of December 2016, with the exception of the discount rate: 1.67% corresponding to the iBoxx Corporates AA 10+ index as of June 30, 2017.

Note 12: Other current liabilities

The following table provides the detail of other current liabilities for the presented periods:

(Amounts in K€)	As of December 31, 2016	As of June 30 2017
Employee-related payable	1,103	827
Other taxes liabilities	17	15
Deferred revenues from subsidies	33	254
Other current liabilities	7	0
Total other current liabilities	**1,161**	**1,095**

Note 13: Financial instruments recognized in the statements of financial position and related effect on the statement of income (loss)

(Amounts in K€)	Book value on the statement of financial position	Fair value through profit and loss[1]	Loans and receivables[2]	At amortized cost[3]	Fair Value
As of June 30, 2017					
Financial assets					
Non-current financial assets	80	—	—	80	80
Cash and cash equivalent	63,618	63,618	—	—	63,618
Total financial assets	**63,697**	**63,618**	**—**	**80**	**63,697**
Financial liabilities					
Conditional advances (non-current portion)	2,701	—	—	2,701	2,701
Accounts payable and related payables	3,944	—	—	3,944	3,944
Total financial liabilities	**6,645**	**—**	**—**	**6,645**	**6,645**

(1) The fair value of financial assets classified as fair value through profit and loss corresponds to the market value of the assets.
(2) The fair value of loans and receivables corresponds to the value reported in the statement of financial position meaning the value at the transaction date and then tested for impairment on each reporting date.
(3) The book amount of financial liabilities measured at amortized cost was deemed to be a reasonable estimation of fair value.

Note 14: Other income

	As of June 30,	
(Amounts in K€)	2016	2017
Research tax credit (see note 7)	1,825	1,968
Subsidies	49	20
Total Operating Income	**1,874**	**1,988**

Note 15: Operating expenses

15.1 Research and development expenses

The table below shows the breakdown of research and development expenses by cost nature for the periods presented:

	As of June 30,	
(Amounts in K€)	2016	2017
Personnel expenses[1]	1,853	1,672
Sub-contracting, collaboration and consultants	4,991	4,848
Licensing and intellectual property	1,057	114
Offices cost	260	271
Travel and entertainment expenses	314	551
Depreciation and amortisation expense	62	88
Other	65	154
Total R&D expenses	**8,601**	**7,699**

(1) Includes €539 K and €306 K related to share-based compensation expense as of June 30, 2016 and 2017 respectively.

15.2 General and administrative expenses

The table below shows the breakdown of research and development expenses by cost nature for the periods presented:

	As of June 30,	
(Amounts in K€)	2016	2017
Personnel expenses[1]	1,690	2,944
Professional Fees	191	573
Communication and travel expenses	387	520
Offices cost	168	116
Equipment rental	11	8
Office furniture and small equipment	28	30
Postal and telecommunication expenses	23	19
Depreciation and amortisation expense	37	19
Attendance fees	28	65
Insurances	21	35
Others	8	47
Total G&A expenses	**2,593**	**4,377**

(1) Includes €896 K and €1,869 K related to share-based compensation expense as of June 30, 2016 and 2017 respectively.

15.3 Personnel expenses

The Group was employing 29 permanent people as of June 30, 2017 to compare with 26 as of June 30, 2016.

The following table shows the nature of costs included in personnel expenses:

	As of June 30, 2016			As of June 30, 2017		
(Amounts in K€)	R&D	G&A	TOTAL	R&D	G&A	TOTAL
Wages and salaries	1,006	561	1,568	1,087	786	1,874
Social contributions	294	232	526	267	287	555
Service cost (employee benefit)	14	1	16	12	1	13
Share-based payments	538	896	1,434	306	1,869	2,175
Total	**1,853**	**1,690**	**3,544**	**1,672**	**2,944**	**4,616**

Note 16: Share-based payments

The Board of Directors has been authorized by the general meeting of the shareholders to grant employee warrants (*Bons de Souscription de Parts de Créateur d'Entreprise* or "BCE"), non-employee warrants (*Bons de Souscription d'Actions* or "BSA") and performance shares (*Attributions Gratuites d'Actions* or "AGA").

16.1 Employee warrants (BCE)

Vesting schedule

All BCE granted may be exercised by the beneficiary on the basis of the following vesting schedule:

- up to 1/4 on the first anniversary of the date of grant;
- the remaining 75% becoming exercisable up to 1/36 per month from the first anniversary of the date of grant; and
- at the latest within 10 years from the date of grant.

Details and main characteristics of the employee warrants (BCE) granted to date

	BCE 2013-02	BCE 2013-02	BCE 2014-06	BCE 2015-06
Date of grant	July 8, 2013	April 9, 2014	December 3, 2014	July 8, 2015
Plan expiration date	July 7, 2023	April 8, 2024	December 2, 2024	July 7, 2025
Number of warrants initially granted	892,000	193,800	60,000	733,298
Share entitlement per warrant	1	1	1	1
Exercise price	€0.025	€0.025	€0.025	€3.275
Valuation method		Black & Scholes		
Expected volatility	42.50%	42.50%	75.21%	76.49%
Expected dividend	0.00%	0.00%	0.00%	0.00%
Fair value per warrant	€0.44	€0.44	€2.15	€5.56

Changes in the balances of employee warrants (BCE)

	BCE 2013-02	BCE 2014-06	BCE 2015-06	Total
Balance outstanding at January 1, 2017	**780,478**	**60,000**	**733,298**	**1,573,776**
Granted during the period	–	–	–	–
Exercised during the period	(311,120)	–	(64,432)	(375,552)
Forfeited during the period	–	–	(96,867)	(96,867)
Balance outstanding at June 30, 2017	**469,358**	**60,000**	**571,999**	**1,101,357**
Of which exercisable	469,358	60,000	273,563	802,921

16.2 Non-employee warrants (BSA)

Vesting schedule

BSA 2013-02 and BSA 2015-06 granted may be exercised by the beneficiary on the basis of the following vesting schedule:

- up to 1/4 on the first anniversary of the date of grant;
- the remaining 75% becoming exercisable up to 1/36 per month from the first anniversary of the date of grant; and
- at the latest within 10 years from the date of grant.

BSA 2016 granted may be exercised by the beneficiary on the basis of the following vesting schedule:

- up to 100% on the first anniversary of the date of grant;
- at the latest within 10 years from the date of grant.

Details and main characteristics of the Non-employee warrants (BSA) granted to date

	BSA 2013-02	BSA 2013-02	BSA 2015-06	BSA 2016
Date of grant	July 8, 2013	April 9, 2014	July 8, 2015	July 26, 2016
Plan expiration date	July 7, 2023	April 8, 2024	July 7, 2025	July 25, 2026
Number of warrants initially granted	328,000	33,000	121,000	205,000
Exercise price	€0.025	€0.025	€3.275	€8.08
Share entitlement per warrant	1	1	1	1
Valuation method		Black & Scholes		
Expected volatility	42.50%	42.50%	76.49%	62.46%
Expected dividend	0.00%	0.00%	0.00%	0.00%
Subscription price per warrant	€0.08	€0.08	€0.25	€0.65
Fair value per warrant (subscription price deducted)	€0.36	€0.36	€5.31	€2.94

Changes in the balances of Non-employee warrants (BSA)

	BSA 2013-02	BSA 2015-06	BSA 2016	Total
Balance outstanding at January 1, 2017	**293,040**	**121,000**	**205,000**	**619,040**
Granted during the period	—	—	—	—
Exercised during the period	—	—	—	—
Forfeited during the period	—	—	(47,000)	(47,000)
Balance outstanding at June 30, 2017	**293,040**	**121,000**	**158,000**	**572,040**
Of which exercisable	293,040	57,979	—	351,019

16.3 Performance shares (AGA 2016)

Vesting schedule

The AGA 2016 performance shares granted on July 26, 2016, may be fully acquired at the end of an acquisition period of one year.

In addition, the acquisition of performance shares by Key Managers, including Mr. Gilly, is subordinate to the achievement of the following performance criteria at the latest on July 26, 2018:

- 50% of AGA 2016 will be acquired at the later of the two following dates, either (i) the expiry of a period of one year from the date of grant or (ii) the completion of enrollment in RESCUE and REVERSE clinical trials;
- 50% of AGA 2016 will be acquired at the later of the two following dates, either (i) the expiry of a period of one year from the date of grant or (ii) the enrollment of the first patient in a Phase I/II clinical trial with GS030 in retinitis pigmentosa.

Details and main characteristics of the performance shares (AGA) granted to date

	AGA 2016
Date of grant	July 26, 2016
Number of Performance shares initially granted	766,000
Vesting period (in Years)	1
Grant date Fair-value	€8.08
Performance conditions	Yes

Changes in the balances of performance shares (AGA)

	Total
Balance outstanding at January 1, 2017	**763,000**
Granted during the period	—
Exercised during the period	—
Forfeited during the period	(125,000)
Balance outstanding at June 30, 2017	**638,000**

16.4 Reconciliation with P&L share-based expense

	As of June 30, 2016			As of June 30, 2017		
(Amounts in K€)	R&D	G&A	TOTAL	R&D	G&A	TOTAL
Non-Employee Warrants (BSA)	80	116	195	266	85	351
Employee Warrants (BCE)	459	780	1,239	(148)	267	120
Performance Shares (AGA)	—	—	—	187	1,517	1,704
Share-based payments expense	**538**	**896**	**1,434**	**306**	**1,869**	**2,175**

Note 17: Financial income and expenses

The financial income and expenses are broken down as follows:

	As of June 30,	
(Amounts in K€)	2016	2017
Income from cash equivalents	1	
Foreign exchange gains	17	14
Financial income	**18**	**14**
Foreign exchange losses	(9)	(20)
Unwinding of the discount on conditional advances	(4)	(19)
Finance cost on employee benefits	(1)	(0)
Other	(0)	—
Financial expenses	**(14)**	**(39)**
Total	**4**	**(25)**

Foreign exchange gains and losses primarily arise from the purchase of services labelled in U.S. dollars.

The increase in the interest expense resulting from the unwinding of the discount on conditional advances is related to the additional conditional advances received in July 2016. The interest expense (unwinding of the discount) has been calculated on the basis of a discount rate of 1.44% and is offset by a €20 K subsidy recognized as "other income", in accordance with IAS 20 – *Government grants*.

Note 18: Commitments

Commitments existing as of December 31, 2016 have not changed significantly at the end of the reporting period, with the exception of the following:

- On May 2017, the office lease contract the Group entered on January, 2015 relating to its headquarters in Paris, France, has been amended. The amendment consisted especially in a decreased rent as the Group is using less office space. The associated services (reception, printers and IT, access to meeting rooms…) have also been revised accordingly.
- Car rental contracts have either been terminated or transferred during the period so that at end of June 2017, there is no remaining commitment.

The table below shows the minimum contractual future payments relating to these contracts as of June 30, 2017:

(Amounts in K€)	As of June 30, 2017
2017	267
2018	533
2019	533
2020	533
2021	533
2022	533
2023	533
Total	**3,467**

In addition, the Group also entered into a new services contract with "Passage de l'innovation" in connection with HR, legal and IP services. According to the contract terms and conditions, the annual cost is fixed at €187 K and each party can terminate the contract after a six-month notice period. Thus, the commitment related for the second part of 2017 amounts to €94 K.

As of June 30, 2017, the Group has not yet entered into a binding office lease agreement for its US-based subsidiary.

Note 19: Relationships with related parties

The Group did not conclude any new significant transactions with related parties during the period.

Note 20: Earnings per share

The basic earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the period. Preferred shares had the same rights and dividends as ordinary shares for purposes of calculating earnings per share. As a result, all outstanding ordinary and

preferred shares have been taken into consideration for purposes of calculating basic earnings per share. The weighted average number of shares was 13,609,120 and 19,738,721 in June 2016 and June 2017 respectively.

The diluted earnings per share is calculated by dividing the net income for the period attributable to shareholders of the Company by the weighted average number of shares outstanding plus any potentially dilutive shares not yet issued from share-based compensation plans (see Note 16).

Dilution is defined as a reduction of earnings per share or an increase of loss per share. When the exercise of outstanding share options and warrants decreases loss per share, they are considered to be anti-dilutive and excluded from the calculation of loss per share. Thus, basic and diluted earnings (loss) per share are equal as all equity instruments issued, representing 2,311,398 potential additional ordinary shares, have been considered anti-dilutive.

	As of June 30,	
	2016	2017
Net income (loss) of the reporting period (in k€)	(9,316)	(10,113)
Adjusted weighted average number of outstanding shares	13,609,120	19,738,721
Basic and diluted earnings (loss) per share (in Euros)	**(0.68)**	**(0.51)**

Note 21: Management of financial risks

The assessment of risks has not substantially changed since the Company filed its 2016 registration document. The registration document is available on the company's website: *http://www.gensight-biologics.com/uploads/Modules/InvestorsDocumentation*

Note 22: Subsequent events

No significant events, that would have a material impact on the half-year consolidated financial statements occurred subsequent to June 30, 2017.

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ACTIVITY REPORT

A. OPERATING INCOME

Our operating income consists of revenues and other income. To date, we have not generated any revenue from the sale of our products. The other income is mainly composed of research tax credit.

The expenditures taken into account for the calculation of this credit only involve research expenses.

This credit meets the definition of a government grant as defined in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. As no research and development expenditure is capitalized before obtaining a marketing authorization, this credit related to a research program is entirely recorded as operating income.

We have requested the reimbursement of the 2016 Research tax credit in the amount of €2,930 K which had not yet been received at the date of this half-year financial report.

	As of June 30,	
(Amounts in K€)	2016	2017
Research tax credit (see note 7)	1,825	1,968
Subsidies	49	20
Total Operating Income	**1,874**	**1,988**

B. OPERATING EXPENSES

1. RESEARCH AND DEVELOPMENT

From the first half of 2016 to the first half of 2017, the total amount spent by the group for research and development activity decreased from €8,601 K to €7,699 K , or a decrease of -10%.

Our research and development expenses consist principally of external costs, such as manufacturing expenses, non-clinical studies, startup fees paid to investigators, consultants, central laboratories and CROs in connection with our clinical studies, costs related to acquiring and manufacturing clinical study materials and costs related to collaborations.

	As of June 30,	
(Amounts in K€)	2016	2017
Personnel expenses(1)	1,853	1,672
Sub-contracting, collaboration and consultants	4,991	4,848
Licensing and intellectual property	1,057	114
Offices cost	260	271
Travel and entertainment expenses	314	551
Depreciation and amortisation expense	62	88
Other	65	154
Total R&D expenses	**8,601**	**7,699**

(1) Includes €539 K and €306 K related to share-based compensation expense as of June 30, 2016 and 2017 respectively.

The decreased expenditures from half year to half year resulted from:

- a 89% decrease in licensing and intellectual property that primarily related to a milestone payment in 2016 in connection with one of our license agreements;
- a 10% decrease in personnel expenses dedicated to research and development, primarily due to a decrease in share-based compensation expense related to the forfeiture of performance shares and share warrants. Excluding these non-cash share-based compensation expenses, total personnel expenses dedicated to research and development increased by 4%.

2. GENERAL AND ADMINISTRATIVE

During the period presented, our general and administrative expenses increased from €2,593 K as of June 30, 2016, to €4,377 K as of June 30, 2017.

Our general and administrative expenses are broken down as follows:

	As of June 30,	
(Amounts in K€)	2016	2017
Personnel expenses[1]	1,690	2,944
Professional Fees	191	573
Communication and travel expenses	387	520
Offices cost	168	116
Equipment rental	11	8
Office furniture and small equipment	28	30
Postal and telecommunication expenses	23	19
Depreciation and amortisation expense	37	19
Attendance fees	28	65
Insurances	21	35
Others	8	47
Total G&A expenses	**2,593**	**4,377**

(1) Includes €896 K and €1,869 K related to share-based compensation expense as of June 30, 2016 and 2017 respectively.

Our general and administrative expenses consist primarily of salaries and related costs for personnel and travel expenses for our employees in executive, operational, finance, legal and human resources functions, facility-related costs, as well as audit, legal, regulatory and tax-related services associated with maintaining compliance with Euronext Paris listing and AMF requirements, director and officer insurance premiums, and corporate communications and investor relations costs.

The increased expenditures between the two periods mainly resulted from:

- a 74% increase in personnel expenses dedicated to General and Administration, primarily due to an increase in share-based compensation expense related to granting performance shares to employees. Excluding these non-cash share-based compensation expenses, total personnel expenses dedicated to General and Administrative increased by 35%, reflecting the strengthening of management and support functions as a listed company;
- a 201% increase in professional fees, notably in legal fees as a result of being a listed company, and designing the pre-commercialization roadmap for the leading product GS010.

C. FINANCIAL INCOME (LOSS)

Our net financial profit (loss) decreased to €(25) K as of June 30, 2017 from €4 K as of June 30, 2016. Our financial expenses increased from €14 K to €39 K primarily due to the foreign exchange losses related to the current account with the subsidiary GenSight Biologics Inc. but also to the unwinding of the discount on conditional advances with Bpifrance (Sight Again collaborative project).

D. NET INCOME (LOSS)

The net loss amounts to €(10,113) K as of June 30, 2017 from €(9,316) K as of June 30, 2016. The basic and diluted loss per share (calculated with the adjusted weighted average number of outstanding shares during the period) amounted to €(0.68) and €(0.51) as of June 30, 2016 and 2017 respectively.

E. NON-CURRENT ASSETS

Non-current assets are composed of intangible, tangible assets and non-current financial assets. They remained stable over the period, amounting to €1,165 K as of December 31, 2016 and €1,173 K as of June 30, 2017. However, net tangible assets increased by €41 K due to the reconfiguration of premises and non-current financial assets decreased by €(24) K due to the decrease in guarantee deposits (cf. Note 6).

F. CURRENT ASSETS

Current assets amounted to €58,066 K as of December 31, 2016 and €72,898 K as of June 30, 2017. This significant increase is essentially due to the capital increase that occurred on June 23, 2017 whose gross proceeds amounted to €22.5 million, the advance payment of €3.5 million to the supplier in charge of manufacturing the lead product GS010, and to the accumulated Research tax credit for 2016, still not reimbursed at the date of the present report.

G.
CHANGES IN SHAREHOLDER'S EQUITY

The changes in shareholder's equity are primarily due the capital increase in June 2017 and losses of the half-year period. Thus, shareholder's equity amounted to €53,340 K as of December 31, 2016 and €66,269 K as of June 30, 2017.

H.
ANALYSIS OF CASH FLOW

	For the six-month period ended June 30,	
(Amounts in K€)	2016	2017
Net cash flows from operating activities	(10,849)	(11,211)
Net cash flows from investment activities	(139)	5
Net cash flows from financing activities	—	20,840

The relative stability in cash flows from operating activities is due to an increase in trade accounts payable for €2.2 million, partly offset by the advance payment of €3.5 million to the supplier in charge of manufacturing the lead product GS010.

The positive cash flows from investment activities are due to the acquisition of own shares as part of the liquidity contract set up on the second half of 2016, following the 2016 IPO on Euronext Paris.

The positive cash flows from financing activities are due to the capital increase that occurred on June 23, 2017.

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TRANSACTIONS BETWEEN RELATED PARTIES

The Group did not conclude any new significant transactions with related parties during the period.

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RISK FACTORS

Risk factors are similar to those presented in the section 4 of the 2016 Registration Document (pages 17 to 50) and did not change significantly during the first half-year of 2017. This Registration Document was registered on April 28, 2017, by The French *"Autorité des Marchés Financiers"* (AMF), with number R.17-0036 and was published on May 2, 2017.

This document is available on the Company's website: *www.gensight-biologics.com* and the AMF's website : *www.amf-france.org*.

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2017 HALF-YEAR FINANCIAL INFORMATION

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STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

To the Shareholders,

In compliance with the assignment entrusted to us by your General Assembly and in accordance with the requirements of article L.451-1-2-III of the French Monetary and Financial Code (*"Code monétaire et financier"*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Gensight Biologics, for the period from January 1 to June 30, 2017,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion 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. Accordingly, we do not express an audit opinion.

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

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris and Lyon, July 28, 2017

The Statutory Auditors

BECOUZE
Fabien BROVEDANI

DELOITTE & ASSOCIÉS
Dominique VALETTE

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DECLARATION BY THE PERSON RESPONSIBLE FOR THE 2017 HALF-YEAR FINANCIAL REPORT

"I declare that, to the best of my knowledge, the summary consolidated financial statements for the ending semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of the Company and all the other companies included in the scope of consolidation, and that this Half-year Activity Report includes a fair review of the important events which occurred during the first six months of the year, their impact on the half-year financial statements and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the remaining six months of the year."

Paris, July 28, 2016

Bernard Gilly
Chief Executive Officer

74, rue du Faubourg Saint-Antoine
75012 Paris, France