

GenSight Biologics obtains a €7m non-dilutive loan and renegotiates the bond agreement with Kreos Capital extending runway to mid-2021

Paris, France, July 9, 2020, 7.30 am CEST – GenSight Biologics (Euronext: SIGHT, ISIN: FR0013183985, PEA-PME eligible) ("**GenSight**" or the "**Company**"), a biopharma company focused on discovering and developing innovative gene therapies for retinal neurodegenerative diseases and central nervous system disorders, today announced that it obtained a €6.75 million loan from a bank syndicate formed with Crédit Industriel et Commercial (CIC), BNP Paribas and Bpifrance, in the form of a state-guaranteed loan (*Prêt Garanti par l'Etat*) (the "**PGE**").

"The PGE loan and the second tranche of Kreos bonds will provide us with over €10 million of aggregated cash with practically no dilution to existing shareholders," commented **Thomas Gidoïn**, Chief Financial Officer of GenSight Biologics. *"Together with anticipated revenues from the Temporary Authorization for Use of LUMEVOQ® in France, we expect to be financed until at least mid-2021."*

Initiated by the French Government to support companies during the COVID-19 crisis, the PGE is a bank loan with a fixed interest rate ranging from 0.25% and 1.75%. After an initial interest-only term of one year, the loan can be amortized over up to five years at the option of the Company. The French government guarantees 90% of the borrowed amount.

In parallel with this financing, GenSight has amended certain terms and conditions of the bond agreement with Kreos Capital which was announced by the Company on December 20, 2019 and which included two main tranches (the "**Kreos Transaction**"). The first tranche of €6 million in straight and convertible bonds was drawn in December 2019 ("**Tranche A**"). The second tranche of €4 million in straight and convertible bonds was available to be drawn through September 2020, conditioned on GenSight obtaining a qualifying financing ("**Tranche B**"). Following the grant of the PGE and the amount of revenues anticipated to be generated from *Autorisations Temporaires d'Utilisation payantes* ("**ATUs**"), the parties have agreed that Tranche B may be drawn in the coming weeks under more flexible conditions and no longer conditioned to the initial qualifying financing. Although the total amount of €4 million for Tranche B remains unchanged, the proportion between straight bonds and convertible bonds has been amended to include additional convertible bonds B and fewer straight bonds B, as further described below. Kreos also agreed to extend the interest-only period to December 2020. The Kreos Transaction also provided for a possible third tranche of €2 million which could be made available at a later date.

Key characteristics of the amended Tranche B of the Kreos Transaction

Tranche A of the Kreos Transaction comprised of 420,000,000 straight bonds with a nominal value of €0.01, 1,800,000 convertible bonds with a nominal value of €1 and 534,521 warrants, was drawn on December 23, 2019. With an unchanged 45-month maturity, the 420,000,000 straight bonds featured a nine-month interest-only period which has now been extended to twelve months. To date, the convertible bonds and the warrants issued under Tranche A are still outstanding and exercisable in light of market conditions.

Tranche B, which was to be composed initially of either 400,000,000 straight bonds with nominal value of €0.01 (the "**Straight Bonds B**"), or, at Kreos' option, a combination of 280,000,000 Straight Bonds B, 1,200,000 convertible bonds with a nominal value of €1 (to be deducted from the amount of the straight bonds) (the "**Original Convertible Bonds B**") and 133,630 warrants (the "**Warrants B**"), was subject to

the realization of certain conditions precedent, including the completion of a qualifying financing. Following the grant of the PGE and an expected increase in revenue from the ATUs, the parties have agreed that Tranche B may be drawn as soon as the 5th ATU is granted in the coming weeks.

In addition, the Company and Kreos have agreed that Kreos would have the option that Tranche B consist of 250,000,000 Straight Bonds B, 1,200,000 Original Convertible Bonds B, 133,630 Warrants B and an additional 300,000 convertible bonds with a nominal value of €1 (the "**Additional Convertible Bonds B**"), which would be issued pursuant to the 19th resolution of the combined general meeting held on April 29, 2020.

As a result of these changes, Tranche B will be available for drawdown for a total amount remaining at €4 million (as further described in the table below). As disclosed in December 2019 and restated in the table below, the conversion price of the Original Convertible Bonds B and the exercise price of the Warrants B were set based on the 3-day VWAP prior to the board pricing meeting (*i.e.*, December 16, 17 and 18, 2019).

The Original Convertible Bonds B and the Warrants B terms and conditions and the rest of the Kreos Transaction remain as described in the prospectus approved by the *Autorité des marchés financiers* (AMF) on December 20, 2019 under number 19-583 (the "**Prospectus**").

	Tranche B	
	Straight Bonds B	
Issuance date	At the option of the Company, at any moment between the Tranche A issuance date and July 31, 2020	
Amount	€ 4,000,000 (from which, at Kreos' option, Original Convertible Bonds B and Additional Convertible Bonds B shall be deducted)	
Number	400,000,000 Straight Bonds B with a nominal value of 0.01€ (from which, at Kreos' option, Original Convertible Bonds B and Additional Convertible Bonds B shall be deducted, resulting in 250,000,000 Straight Bonds B)	
Drawdown conditions	Satisfaction of certain conditions precedent, including completion of a Qualifying Financing	
Maturity date	42 months as from the issuance date	
Fixed interest rate	9.25% <i>per annum</i>	
Redemption terms	Monthly	
Convertible Bonds	Original Convertible Bonds B	Additional Convertible Bonds B
Issuance date	Simultaneously with the Straight Bonds B	Simultaneously with Tranche B
Amount	€1,200,000 (to be deducted from the amount of the Straight Bonds B)	€300,000 (to be deducted from the amount of the Straight Bonds B)
Number	1,200,000 Original Convertible Bonds B with a nominal value of 1 €	300,000 Additional Convertible Bonds B with a nominal value of 1 €
Drawdown conditions	At Kreos' option	At Kreos' option
Maturity date and conversion deadline	42 months as from the issuance date	42 months as from the issuance date
Interest rate	Identical to the Straight Bonds B	Identical to Straight Bonds B
Redemption terms	Identical to the Straight Bonds B	Identical to Straight Bonds B
Conversion Ratio (CR)	$1 / ((0.9 * P) - D)$ P : 2,4942 euros (3-day VWAP prior to the board pricing meeting <i>i.e.</i> December 16, 17 and 18, 2019) D : dividend per share paid by the Company between the issuance date and the conversion date	$1 / ((0.85 * P) - D)$ P : 5-day VWAP prior to the pricing D : dividend per share paid by the Company between the issuance date and the conversion date
Conversion price	2,245 euros (3-day VWAP prior to the board pricing meeting <i>i.e.</i> Dec. 16, 17 and 18, 2019 discounted by 10%)	Shall be equal to the 5-day VWAP prior to pricing date discounted by 15%
Discount	10% to 3 days vwap	15% to 5 days vwap
Maximum number of shares issued	534,521	To be provided when the Additional Convertible Bonds are issued

Warrants	Warrants B
Issuance date	Simultaneously with the Straight Bonds B
Amount	€300,000
Number	133,630
Drawdown conditions	Drawdown of the Straight Bonds
Maturity date and exercise deadline	The earlier of the following events: (i) the tenth anniversary of the Warrants B issuance date or (ii) the acceptance by the shareholders of the Company of a third-party bona fide offer to purchase all outstanding shares of the Company
Exercise price	2,245 euros (3-day VWAP prior to the board pricing meeting <i>i.e.</i> December 16, 17 and 18, 2019 discounted by 10%)
Discount to the 3-days VWAP	10%
Maximum number of shares issued upon exercise of the warrants	133,630

Gross proceeds from Tranche B of the Kreos Transaction remain the same, *i.e.*, €4 million.

Taking into account the net proceeds from Tranche B, and including additional expected income related to the ATUs in France and the funds available under the PGE, the Company has sufficient net working capital to meet its obligations until mid-2021.

The shares to be issued upon conversion of the Additional Convertible Bonds B will carry dividend rights as from their issuance date and be immediately fungible in all respects with the Company's existing shares. They will be admitted to trading under the same code as the existing shares (ISIN FR0013183985) on the regulated market of Euronext in Paris.

The Additional Convertible Bonds B will be secured by the same pledge agreements as the whole Tranche A and Tranche B (*i.e.*, on GenSight's bank accounts, business assets, owned intellectual property rights (trademarks, patents, software, and domain names) and any future receivables).

Impact of the amended Tranche B on the share capital

On an indicative basis, the following table reflects the maximum dilution on the share capital of the Company after the issuance of the shares to be issued upon the conversion of the maximum number of convertible bonds and warrants under the transaction with Kreos before and after amending the Tranche B (calculation based on the issue of 111,524 new shares resulting from the exercise of the Additional Convertible Bonds B, assuming a conversion price of 2.690 € based on the 5dvwap of the Company's share price prior to July 8, 2020, discounted by 15%).

Shareholders	Before amending the Kreos Transaction		After amending the Kreos Transaction	
	Number of shares and voting rights	% of share capital and voting rights	Number of shares and voting rights	% of share capital and voting rights
5% Shareholders				
Sofinnova	5,610,044	16.11%	5,610,044	16.05%
Versant	3,266,196	9.38%	3,266,196	9.35%
3SBio	2,110,595	6.06%	2,110,595	6.04%
Kreos Capital (Expert Fund) LP	2,004,453	5.75%	2,115,977	6.06%
Bpifrance Participations	2,000,000	5.74%	2,000,000	5.72%
Bpifrance Investissements	975,666	2.80%	975,666	2.79%
Directors and Executive Officers	1,027,600	2.95%	1,027,600	2.94%
Employees	270,500	0.78%	270,500	0.77%
Other shareholders (total)	17,566,761	50.43%	17,566,761	50.27%

Total	34,831,815	100.00%	34,943,339	100.00%
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On an indicative basis, the impact of the issue of the shares resulting from the conversion of the Original Convertible Bonds and the exercise of the Warrants B and the Additional Convertible Bonds B under Tranche B on the ownership interest of a shareholder holding 1% of the Company's share capital prior to the issue and not subscribing to it (calculation based on consolidated shareholders' equity on December 31, 2019 and the number of the Company's shares as of December 31, 2019,) is as follows:

	Ownership interest (in %)	
	On a non-diluted basis	On a diluted basis ⁽¹⁾
Prior to the issue of the shares resulting from the exercise of the Warrants B, the conversion of the Original Convertible Bonds B and the Additional Convertible Bonds B under Tranche B	1.00%	0.87%
Following the issue of 534,521 new shares resulting from the conversion of the Original Convertible Bonds B	0.98%	0.86%
Following the issue of 133,630 new shares resulting from the exercise of the Warrants B	1.00%	0.87%
Following the issue of 111,524 new shares resulting from the exercise of the Additional Convertible Bonds B ⁽²⁾	1.00%	0.87%
TOTAL Following the issue of 779,675 new shares resulting from the conversion of the maximum amount of convertibles bonds and warrants under Tranche B	0.98%	0.85%

- (1) The calculations are based on the assumption of the exercise of all the convertible obligations, share warrants, founders share warrants, free shares outstanding or in the course of acquisition as of June 30, 2020, giving access to a maximum of 4,814,644 shares.
- (2) Assuming of a conversion price of 2.690 € based on the 5dvwap of the Company's share price prior to July 8, 2020, discounted by 15%.

On an indicative basis, the impact of the issue of the shares resulting from the conversion of the Original Convertible Bonds B and the exercise of the Warrants B and the Additional Convertible Bonds B under Tranche B on the share of the Company's shareholders' equity per share (calculation based on consolidated shareholders' equity on December 31, 2019 and the number of the Company's shares as of December 31, 2019) is as follows:

	Share of equity per share (in euros)	
	On a non-diluted basis	On a diluted basis ⁽¹⁾
Prior to the issue of the shares resulting from the exercise of the Warrants B, the conversion of the Original Convertible Bonds B and the Additional Convertible Bonds B	0.36 €	0.51 €
Following the issue of 534,521 new shares resulting from the conversion of the Original Convertible Bonds B	0.39 €	0.53 €
Following the issue of 133,630 new shares resulting from the exercise of the Warrants B under Tranche B	0.37 €	0.52 €
Following the issue of 111,524 new shares resulting from the exercise of the Additional Convertible Bonds B ⁽²⁾	0.37 €	0.52 €
TOTAL Following the issue of 779,675 new shares resulting from the conversion of the maximum amount of convertibles bonds and warrants under Tranche B	0.40 €	0.55 €

- (1) The calculations are based on the assumption of the exercise of all the convertible obligations, share warrants, founders share warrants, free shares and stock options outstanding as of June 30, 2020, giving access to a maximum of 4,814,644 shares.

- (2) Assuming of a conversion price of 2.690 € based on the 5dvwap of the Company's share price prior to July 8, 2020, discounted by 15%.

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About GenSight Biologics

GenSight Biologics S.A. is a clinical-stage biopharma company focused on discovering and developing innovative gene therapies for retinal neurodegenerative diseases and central nervous system disorders. 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 blinding retinal diseases. GenSight Biologics' lead product candidate, LUMEVOQ® (GS010; lenadogene nolpharvovec), is in Phase III trials in Leber Hereditary Optic Neuropathy (LHON), a rare mitochondrial disease that leads to irreversible blindness in teens and young adults. Using its gene therapy-based approach, GenSight Biologics' product candidates are designed to be administered in a single treatment to the eye by intravitreal injection to offer patients a sustainable functional visual recovery.

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