HALF-YEAR FINANCIAL REPORT
JUNE 30, 2020

GenSight BIOLOGICS

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CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of euros	Notes	As of December 31, 2019	As of June 30, 2020
ASSETS			
Non-current assets			
Intangible assets	4	154	144
Property, plant and equipment	5	4,228	3,772
Other non-current financial assets	7	336	338
Total non-current assets		**4,718**	**4,254**
Current assets			
Trade accounts receivable		846	2
Other current assets	8	7,669	6,068
Cash and cash equivalents	9	19,250	16,831
Total current assets		**27,765**	**22,899**
TOTAL ASSETS		**32,483**	**27,152**

In thousands of euros	Notes	As of December 31, 2019	As of June 30, 2020
LIABILITIES			
Shareholders' equity			
Share capital	10	821	821
Premiums related to the share capital		128,130	128,142
Reserves		(86,495)	(115,337)
of wich cumulative translation adjustment		*(22)*	*(10)*
Net income (loss)		(30,710)	(14,078)
Total shareholders' equity attributable to equity holders of the Company		**11,746**	**(453)**
Non-current liabilities			
Corporate bonds — non-current portion	11.1	3,732	3,146
Borrowings from Banks — non-current portion	11.2	—	4,625
Conditional advances — non-current portion	11.3	3,633	3,732
Lease liability — non-current portion	6	2,763	2,473
Other financial liabilities — non-current portion		—	325
Non-current provisions		103	98
Total non-current liabilities		**10,231**	**14,399**
Current liabilities			
Corporate bonds — current portion	11.1	889	1,469
Lease liability — current portion	6	563	582
Trade accounts payable	12.1	7,139	8,745
Current provisions		22	22
Other current liabilities	12.2	1,893	2,388
Total current liabilities		**10,506**	**13,206**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**32,483**	**27,152**

CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

		For the six-month period ended June 30,	
In thousands of euros	Notes	2019	2020
Operating income			
Revenues	14	—	700
Other income	15	2,466	2,578
Total operating income		**2,466**	**3,278**
Operating expenses			
Research and development	16.1	16,105	11,964
General and administrative	16.2	3,113	3,985
Sales and marketing	16.3	411	944
Total operating expenses		**19,629**	**16,893**
Operating profit (loss)		**(17,164)**	**(13,615)**
Financial income	18	41	70
Financial expenses	18	(220)	(533)
Financial income (loss)		**(179)**	**(463)**
Income tax		(1)	—
Net income (loss)		**(17,344)**	**(14,078)**
Basic and diluted earnings (loss) per share	22	**(0.63)**	**(0.43)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	For the six-month period ended June 30,	
In thousands of euros	2019	2020
Net income (loss)	**(17,344)**	**(14,078)**
Actuarial gains and losses on employee benefits, net of income tax	(10)	23
Foreign currency translation differences, net of income tax	—	6
Total comprehensive income (loss)	**(17,354)**	**(14,049)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six-month period ended June 30,	
In thousands of euros	Notes	2019	2020
Cash flows from operating activities			
Net income (loss)		(17,344)	(14,078)
Operating activities			
Amortization and depreciation	4-5-6	557	480
Retirement pension obligations		10	18
Expenses related to share-based payments	17.4	1,071	1,789
Other financial items		147	453
Operating cash flows before change in working capital		**(15,558)**	**(11,338)**
Accounts receivable		—	844
Accounts payable, net of prepayments		(1,577)	1,626
Other receivables		(2,238)	1,637
Other current liabilities		(90)	496
Change in working capital		**(3,905)**	**4,603**
Net cash flows from operating activities		**(19,464)**	**(6,734)**
Cash flows from investment activities			
Acquisitions of property, plant and equipment	5	(65)	(2)
Acquisitions of intangible assets	4	(7)	—
Acquisitions/reimbursement of non-current financial assets		170	(50)
Acquisitions/reimbursement of current financial assets		—	—
Sales of property, plant and equipment		—	—
Net cash flows from investing activities		**98**	**(52)**
Cash flows from financing activities			
New borrowings obtained	11.3	—	4,625
Interests paid	18	—	(276)
Repayment of obligations under finance leases	6	(354)	(362)
Other financial liabilities		—	330
Treasury shares		(170)	49
Subscription of share warrants		—	12
Capital increases, net of transaction costs		7,906	—
Net cash flows from financing activities		**7,380**	**4,377**
Increase/(decrease) in cash and cash equivalents		**(11,986)**	**(2,410)**
Cash and cash equivalents at beginning of the period		26,241	19,250
Effect of changes in exchange rates on cash and cash equivalents		(1)	(9)
Cash and cash equivalents at end of period		**14,253**	**16,831**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros, except for number of shares	Share Capital		Premiums related to the share capital	Reserves	Net income (loss)	Total Shareholders' Equity
	Number of shares	Amount				
Balance at January 1, 2019	**24,802,973**	**620**	**112,135**	**(55,432)**	**(33,453)**	**23,870**
Net income (loss) for the period	—	—	—	—	(17,344)	(17,344)
Cumulative translation adjustment	—	—	—	—	—	—
Other comprehensive income	—	—	—	(10)	—	(10)
Total comprehensive income (loss)	**—**	**—**	**—**	**(10)**	**(17,344)**	**(17,354)**
Allocation of prior period net income (loss)	—	—	—	(33,453)	33,453	—
Allocation to reserves	—	—	—	—	—	—
Capital increase by issuance of ordinary shares	3,921,568	98	7,902	—	—	8,000
Capital increase transaction costs	—	—	(94)	—	—	(94)
Capital increases related to acquisition of free shares	263,750	7	(7)	—	—	—
Treasury shares	—	—	—	(166)	—	(166)
Share-based payments	—	—	—	1,071	—	1,071
Balance at June 30, 2019	28,988,291	725	119,936	(87,990)	(17,344)	15,328
Balance at January 1, 2020	**32,827,362**	**821**	**128,130**	**(86,495)**	**(30,710)**	**11,746**
Net income (loss) for the period	—	—	—	—	(14,078)	(14,078)
Cumulative translation adjustment	—	—	—	—	—	—
Other comprehensive income	—	—	—	29	—	29
Total comprehensive income (loss)	**—**	**—**	**—**	**29**	**(14,049)**	**(14,049)**
Allocation of prior period net income (loss)	—	—	—	(30,710)	30,710	—
Allocation to reserves	—	—	—	—	—	—
Capital increase by issuance of ordinary shares	—	—	—	—	—	—
Capital increase transaction costs	—	—	—	—	—	—
Capital increases related to acquisition of free shares	—	—	—	—	—	—
Subscription of share warrants	—	—	12	—	—	12
Treasury shares	—	—	—	49	—	49
Share-based payments	—	—	—	1,789	—	1,789
Balance at June 30, 2020	32,827,362	821	128,142	(115,337)	(14,049)	(453)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: General information about the Company

Founded in 2012, GenSight Biologics S.A. (hereinafter referred to as **"GenSight Biologics"** or 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.

The Company has incurred losses and negative cash flows from operations since its inception and shareholders' equity amounts to €(453) K as of June 30, 2020 as a result of several financing rounds. The Group anticipates incurring additional losses until such time, if ever, that it can generate significant revenue from its product candidates in development. Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates.

The Group's future operations are highly dependent on a combination of factors, including: (i) the success of its research and development; (ii) regulatory approval and market acceptance of the Group's proposed future products; (iii) the timely and successful completion of additional financing; and (iv) the development of competitive therapies by other biotechnology and pharmaceutical companies.

Note 2: Significant events during the period

On April 6, 2020, GenSight Biologics provided an update on the impact of COVID-19 on its operations.

The REVERSE and RESCUE Phase III trials of LUMEVOQ® (GS010) for the treatment of Leber Hereditary Optic Neuropathy (LHON) are completed, and patients have been transferred to long-term follow-up for an additional 3-year period. As of today, 10 out of 61 patients are due to attend their first annual follow-up visit (at Year 3 after injection) in the coming weeks and months. Given the follow-up nature of these visits and the stability of patients with no safety concern, delaying some of these visits is an acceptable precautionary measure, which should have no impact on the conduct of the trial, and will be properly documented and reported to regulators.

The strategic manufacturing partner (CDMO) for LUMEVOQ® maintained its operations and has indicated that no delay is currently expected in the planned activities to support the filing to the European Medicines Agency (EMA) in Europe.

GenSight Biologics held a pre-submission meeting with the EMA on March 19, 2020, as planned, in the form of a teleconference. The Company remains on track for regulatory filing in Europe (MAA filing with EMA) in Q3 2020, with potential approval in H2 2021.

The REFLECT Phase III trial of LUMEVOQ® is fully recruited with a primary endpoint at 78 weeks. Although some on-site visits are being postponed, the Company is closely partnering with clinical sites, and investigators continue to assess the safety of all patients remotely, in accordance with regulators' guidelines. Safety monitoring is an absolute priority and will not be disrupted. Most patients are due to make their 78-week visit in the near future, and some may be delayed as a result. This will be properly documented and reported to regulators, as well as pre-specified in the Statistical Analysis Plan (SAP), in agreement with biostatisticians, before database lock. Accordingly, GenSight Biologics foresees limited impact on the trial and no consequence on the primary endpoint other than a possible delay in data availability from Q1 to Q2 2021, which will be confirmed as soon as possible. The regulatory filing target with the FDA in the US remains H2 2021.

The PIONEER Phase I/II clinical trial of GS030, combining gene therapy and optogenetics for the treatment of retinitis pigmentosa (RP), has fully completed recruitment of the second cohort. In order to protect patients, the Company and investigators have together decided to delay recruiting new patients into the third cohort until the COVID-19 situation has improved, as RP is a chronic disease, and does not require an urgent treatment. In the interim, the six patients in the first two cohorts are being remotely monitored for safety aspects by investigators. Consequently, recruitment may take longer than expected; this limited impact will be more precisely assessed as soon as possible.

A patient was treated with LUMEVOQ® under a first Temporary Authorization for Use (ATU) granted by the French National Drug Safety Agency (Agence Nationale de Sécurité du Médicament or ANSM) in December 2019. A second patient was treated early 2020, and several additional ATUs have been requested and are being reviewed by the ANSM. GenSight Biologics expects any delay to be overcome as soon as patients can get normal access to treatment sites, with no material impact on the related revenues expected in 2020; this will be more precisely assessed as soon as the situation improves. In addition, the Company is currently discussing with the ANSM the possibility to broaden individual named patient ATUs to a cohort ATU as soon as feasible to further facilitate access to LUMEVOQ® for patients in Europe.

On April 14, 2020, GenSight Biologics announced that the independent Data Safety Monitoring Board (DSMB) completed its second planned safety review of the ongoing PIONEER

Phase I/II clinical trial of GS030, GenSight's novel product combining gene therapy and optogenetics for the treatment of Retinitis Pigmentosa (RP). The DSMB confirmed the absence of any safety issues for the second cohort of three subjects, who each received a single intravitreal injection of 1.5e11 vg (viral genomes) and used a wearable optronic visual stimulation device after the injection. The DSMB recommended moving forward as planned without any modification in the protocol and recruiting the third cohort of three subjects who are to receive the maximal dose of 5e11 vg.

On April 15, 2020, GenSight Biologics announced the completion of the pre-submission meeting with the European Medicines Agency (EMA) for the Company's lead product LUMEVOQ® (GS010; lenadogene nolparvovec). The EMA pre-submission meeting is a procedural milestone in the preparation of a marketing authorization application (MAA). Based on its successful conclusion, GenSight Biologics confirms its intention to submit the MAA for LUMEVOQ® in September 2020. LUMEVOQ® is the gene therapy developed by the Company for the treatment of Leber Hereditary Optic Neuropathy (LHON), a rare blinding disease marked by sudden, irreversible vision loss. The pivotal trials for LUMEVOQ® in Europe, RESCUE and REVERSE, were completed in 2019; patients from those trials have been invited to participate in a long-term follow-up study.

Note 3: Accounting principles and compliance

3.1 Preliminary remarks

The condensed half-year consolidated financial statements (the "Financial Statements") present the operations of GenSight Biologics as of June 30, 2020. GenSight Biologics S.A. is a public limited company whose head office is located at 74 rue du Faubourg St. Antoine, 75012 Paris.

The condensed half-year consolidated financial statements for the six months ended June 30, 2020 have been prepared under the responsibility of the management of GenSight Biologics, they have been approved on July 29, 2020 by the Board of Directors.

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 the consolidated subsidiary are prepared at the same Reporting date, *i.e.* June 30, and covers the same period.

3.2 Accounting principles and Statement of compliance

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 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.

The notes to the condensed consolidated financial statements at June 30, 2020 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, 2019.

All the texts adopted by the European Union are available on the European Commission's website: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

The condensed consolidated financial statements were prepared in accordance with the accounting principles and methods used by the Group for the 2019 financial statements and described in note 2 to consolidated financial statements for the year ended December 31, 2019. Furthermore, the condensed consolidated financial statements were prepared in compliance with other standards and interpretations in force as of January 1, 2020, described below.

Changes in accounting policies

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after January 1, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3	Definition of a business
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IFRS 9, IAS 39 et IFRS 7	Interest rates (IBOR)

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 17	Insurance Contracts

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3.3 Consolidation scope and methods

On April 28, 2017 the Group incorporated GenSight Biologics Inc. in the United States. As 100% of the voting rights and ownership interests are held by the Group, GenSight Biologics Inc. is fully consolidated.

3.4 Going-concern

Since its incorporation, the Company has funded its activities through several equity financings, grants, conditional advances and Research Tax Credit. Since the end of 2019, the Company started to generate revenues from the sale of LUMEVOQ® (GS010), since the National Drug Safety Agency (ANSM) granted a number of named patient Temporary Authorizations for Use ("ATU nominative") for LUMEVOQ®. To date Management expects operating losses to continue for the foreseeable future. The Company continues to actively prepare for the launch of LUMEVOQ® in Europe in Q4 2021 and in the United States in 2022, if approved by regulatory authorities.

As of June 30, 2020, the level of consolidated Cash and Cash equivalent amounted to €16.8 million.

As described in Note 24 related to subsequent events, the Company received in July 2020 the remaining €2.1 million from Bpifrance related to the PGE (State-backed loan) and an additional conditional advance in July 2020 from Bpifrance for an amount of €1.1 million.

In addition, and as mentioned in Note 24, the Company has amended certain terms and conditions of the bond agreement with Kreos Capital and intend to draw down the second tranche of €4 million before July 31, 2020.

Further to this, the Company expects to continue to generate revenues with ATUs going forward and prior to a possible commercial launch in Europe in Q4 2021.

Based on these assumptions, the Company has sufficient net working capital to meet its obligations until mid-2021. However, in the event of an escalation or rebound of the COVID-19 pandemic in France, the Company may face uncertainties regarding its ability to be granted expected ATUs and therefore to generate related revenues.

The condensed half-year consolidated financial statements have been prepared on a going concern basis assuming that the Company will either be successful in its additional financing assumptions or that the Company will modify its operating plans, in particular by delaying or limiting the scope of its research and development programs. However, no assurance can be given at this time as to whether the Company will be able to achieve these financing objectives, particularly in relation to the revenues from ATUs.

3.5 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, 2019, except regarding the following: The issue which had been raised with one of our key suppliers with which contractual relationship ended during 2019 has been resolved. The amount booked as a liability corresponds to the amount due to the supplier and is no longer an estimate.

Note 4: Intangible assets

The intangible assets are broken down as follows:

In thousands of euros	As of December 31, 2019	As of June 30, 2020
Patents, licenses, trademarks	275	275
Software	18	18
Total historical cost	**293**	**293**
Accumulated amort. of patents, licenses and trademarks	127	135
Accumulated depreciation of software packages	12	14
Accumulated amortization and depreciation	**139**	**149**
Net total	**154**	**144**

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 for the full year 2019 are presented in the following table:

In thousands of euros	As previously reported at December 31, 2018	IFRS 16 impact	Increase	Decrease	Currency translation adjustment	As of December 31, 2019
Technical equipment and installations	586	—	27	—	2	615
IFRS 16 – Right-of-use – Building	—	3,653	—	—	44	3,696
Leasehold improvement	976	—	2	—	6	984
Office and computer equipment	172	—	31	—	—	203
IFRS 16 – Right-of-use – Others	—	19	—	—	—	19
Furniture	495	—	8	—	3	507
Total gross property, plant and equipment	**2,229**	**3,672**	**69**	**—**	**55**	**6,025**
Accumulated depreciation of technical equipment and installations	227	—	102	—	—	329
IFRS 16 – Right-of-usee – Building	—	612	—	—	(1)	611
Accumulated depreciation of leasehold improvement	248	—	110	—	—	358
Accumulated depreciation of office and computer equipment	124	—	36	—	—	161
IFRS 16 – Right-of-use – Others	—	9	—	—	—	9
Accumulated depreciation of furniture	234	—	96	—	—	330
Total accumulated depreciation	**833**	**621**	**344**	**—**	**(1)**	**1,797**
Total net property, plant and equipment	**1,396**	**3,051**	**(274)**	**—**	**54**	**4,228**

Changes in PPE gross book values and accumulated depreciation as of June 30, 2020 are presented in the following table:

In thousands of euros	As at December 31, 2019	Increase	Decrease	Currency translation adjustment	As of June 30, 2020
Technical equipment and installations	615	2	—	—	618
IFRS 16 – Right-of-use – Building	3,696	—	—	7	3,704
Leasehold improvement	984	—	—	1	985
Office and computer equipment	203	—	—	—	203
IFRS 16 – Right-of-use – Others	19	—	—	—	19
Furniture	507	—	—	1	508
Total gross property, plant and equipment	**6,025**	**2**	**—**	**9**	**6,037**
Accumulated depreciation of technical equipment and installations	329	47	—	—	375
IFRS 16 – Right-of-usee – Building	611	309	—	2	918
Accumulated depreciation of leasehold improvement	358	55	—	—	413
Accumulated depreciation of office and computer equipment	161	16	—	—	177
IFRS 16 – Right-of-use – Others	9	4	—	—	13
Accumulated depreciation of furniture	330	39	—	—	369
Total accumulated depreciation	**1,797**	**470**	**—**	**2**	**2,265**
Total net property, plant and equipment	**4,228**	**(468)**	**—**	**11**	**3,772**

Note 6: IFRS 16 – Leases

The main impacts on the balance sheet and the income statement resulting from the application of the IFRS 16 standard as of June 30, 2020 are the following:

Balance sheet

Right-of-use

	As of December 31, 2019	New contracts	Amortization	Currency translation adjustment	As of June 30, 2020
Right-of-use – Buildings	3,085	—	(309)	9	2,785
Right-of-use – Others	11	—	(4)	—	7
Net value of the righ-of-use	**3,096**	**—**	**(313)**	**9**	**2,792**

(1) The weighted average marginal debt ratio used to value the lease debts at the date of transition is 5.0%.

Lease liability

	As of December 31, 2019	New contracts	Repayments	Currency translation adjustment	Change	As of June 30, 2020
Lease liability – Buildings	2,763	—	—	9	(299)	2,473
Lease liability – Others	—	—	—	-	-	—
Total	**2,763**	**—**	—	**9**	**(299)**	**2,473**
Lease liability – Buildings	552	—	(277)	1	299	575
Lease liability – Others	11	—	(4)	—	—	7
Total current	**563**	**—**	**(281)**	**1**	**299**	**582**
Total	**3,326**	**—**	**(281)**	**10**	**—**	**3,055**

The interests on lease financing amounted to €81K during the first half of 2020.

Note 7: Other non-current financial assets

The non-current financial assets correspond to the deposits paid to the lessor for the registered offices of the Group in Paris and New York.

Note 8: Other current assets

The other current assets are broken down as follows:

In thousands of euros	As of December 31, 2019	As of June 30, 2020
Prepayments	135	121
Research tax credit	4,242	2,296
Other taxes receivable	1,019	1,032
Liquidity contract	273	323
Prepaid expenses	2,000	1,898
Other Trade Receivables	—	398
Total	**7,669**	**6,068**

Other taxes receivable essentially refers to VAT receivables.

As of June 30, 2020, prepaid expenses were primarily manufacturing costs, rental, scientific collaborations and travel expenses.

Other Trade Receivables include a €282 K subsidy to be received from Bpifrance Financement, related to Sight Again contract, as well as €108 K to be received related to the sublease of our New York premises. The €282 K were received on July 7, 2020.

Research Tax Credit

The following table shows the changes in the Research Tax Credit during the six-month period ended June 30, 2020:

	Amounts in K€
Opening balance sheet receivable as of January 1, 2020	**4,242**
Other operating income	2,296
Payment received	4,242
Closing balance sheet receivable as of June 30, 2020	**2,296**

Note 9: Cash and cash equivalents

Cash and cash equivalents items are broken down as follows:

In thousands of euros	As of December 31, 2019	As of June 30, 2020
Cash	19,250	16,831
Cash equivalents	—	—
Total cash and cash equivalent as reported in the statements of financial position	**19,250**	**16,831**
Bank overdrafts	—	—
Total net cash and cash equivalents as reported in the statements of cash flows	**19,250**	**16,831**

The Group does not hold any short-term investment and all of its cash balances are cash at hand deposits with high-credit quality financial institutions.

Note 10: Capital

The share capital as of June 30, 2020 amounts to €820,684.05. It is divided into 32,827,362 fully authorized, subscribed and paid-up ordinary shares with a nominal value of €0.025.

As of June 30, 2020, the Company held 99,079 treasury shares for an amount of €284,356.73.

Note 11: Financial liabilities

11.1 Bond financing

In December 2019, GenSight Biologics obtained committed financing in the form of a bond financing of up to €12 million from Kreos Capital VI (UK) Limited and issued a drawdown notice thereunder for the first tranche of €6 million, including a €4.2 million straight bond issuance and a €1.8 million convertible bonds issuance.

The financial transaction is structured as follows:

- a capital increase for a total amount of €9 million representing 3,799,071 new shares subscribed for €4 million by Sofinnova Crossover I and for €5 million by Strategic International Group Limited, a wholly owned subsidiary of 3SBio Inc. (the "3SBio-Sofinnova Transaction"); and
- subject to the realization of the 3SBio-Sofinnova Transaction described above, a bond issuance for a maximum amount of €10 million divided in 2 tranches as follows:
  - a first tranche (the "Tranche A") in the form of:
    - a bond issuance subscribed by Kreos Capital VI (UK) Limited for an amount of €6 million including €1.8 million subscribed by Kreos Capital VI (Expert Fund) LP in the form of convertible bonds, and
    - a concurrent issuance of share warrants for an amount the potential exercise of which would represent €1.2 million subscribed by Kreos LP; and
  - a second tranche, exercisable, subject to the realization of a Qualifying Financing, at the Company's option until September 1, 2020, in the form of:
    - a bond issuance subscribed by Kreos UK for an amount of €4 million including a maximum amount of €1.2 million susceptible to be subscribed at its election by Kreos LP in the form of convertible bonds, and
    - a concurrent issuance of share warrants for an amount the potential exercise of which would represent €300 K.

The Company has the option to issue additional bonds similar to the bonds described above (assimilables) to Kreos UK for an amount of €2 million.

The convertible loan notes were issued on December 19, 2019 at an issue price of €2.245 per note. The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date. On issue, the loan notes were convertible at a ratio of 1/2.245 shares per 1 convertible note. The conversion price is at a 10% discount to the volume weighted average share price of the ordinary shares for the 3 days period prior to the Board Meeting date, ie. December 16, 17 and 18, 2019.

If the notes have not been converted, they will be redeemed on May 1, 2023 at par. Interest of 9.25% per cent will be paid annually up until that settlement date.

11.2 Borrowings from Banks

GenSight Biologics has contracted over the period presented a €6.8 million non-dilutive 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'État)*. As of June 2020, we have received the funds from CIC and BNP Paribas for €2.5 million and €2.1 million, respectively. The remaining €2.1 million were received from BPIfrance on July 10, 2020.

11.3 Conditional advances

The table below presents the changes in conditional advances that occurred during the presented periods:

In thousands of euros	
Balance as of January 1, 2019	**3,441**
Receipts	—
Repayments	—
Accrued interest	191
Other	—
Balance as of December 31, 2019	**3,633**
Non-current portion	3,633
Current portion	—

In thousands of euros	
Balance as of January 1, 2020	**3,633**
Receipts	—
Repayments	—
Accrued interest	99
Other	—
Balance as of June 30, 2020	**3,732**
Non-current portion	3,732
Current portion	—

11.4 Maturity dates

Maturity dates of financial liabilities as of December 31, 2019 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Conditional advances	3,633	—	3,050	583
Corporate bonds	4,621	889	3,732	—
Lease Liability	3,326	563	2,340	423
Total financial liabilities	**11,580**	**1,452**	**9,122**	**1,006**

Maturity dates of financial liabilities as of June 30, 2020 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Conditional advances	3,732	—	3,303	429
Corporate bonds	4,615	1,469	3,146	—
Borrowings from Banks	4,625	—	4,625	—
Lease Liability	3,055	582	2,449	24
Other financial liabilities	325	—	325	—
Total financial liabilities	**16,352**	**2,051**	**13,848**	**453**

Note 12: Account payables and other current liabilities

12.1 Account payables and related payables

With respect to accounts payable and related payables, no discounting effect has been recognized to the extent that amounts did not represent payables on terms longer than one year at the end of each period presented.

Maturity dates of accounts payables as of June 30, 2020 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Trade accounts payable	8,745	8,745	—	—

12.2 Other current liabilities

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

In thousands of euros	As of December 31, 2019	As of June 30, 2020
Employee-related payable	1,265	1,869
Other taxes liabilities	625	483
Deferred revenue	—	36
Other current liabilities	3	—
Total	**1,893**	**2,388**

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

The nature of the financial instruments as at December 31, 2019 and June 30, 2020 is as follows:

In thousands of euros	Book value on the statement of financial position	Fair value through profit and loss[1]	At amortized cost[2]	Fair Value
As of December 31, 2019				
Financial assets				
Non-current financial assets	336	—	336	336
Current financial assets	273	273	—	273
Accounts receivable and related receivables	846	—	846	846
Cash and cash equivalents	19,250	—	19,250	19,250
Total financial assets	20,705	273	20,432	20,705
Financial liabilities				
Bond financing	4,621	—	4,621	4,621
Conditional advances	3,633	—	3,633	3,633
Lease liability – Buildings	3,315	—	3,315	3,315
Lease liability – Others	11	—	11	11
Accounts payable and related payables	7,139	—	7,139	7,139
Total financial liabilities	18,719	—	18,719	18,719

In thousands of euros	Book value on the statement of financial position	Fair value through profit and loss[1]	At amortized cost[2]	Fair Value
As of June 30, 2020				
Financial assets				
Non-current financial assets	338	—	338	338
Current financial assets	322	322	—	322
Accounts receivable and related receivables	2	—	2	2
Other trade receivables	396	—	396	396
Cash and cash equivalents	16,831	—	16,831	16,831
Total financial assets	**17,889**	**322**	**17,567**	**17,889**
Financial liabilities				
Bond financing	4,615	—	4,615	4,615
Conditional advances	3,732	—	3,732	3,732
Borrowings from banks	4,625	—	4,625	4,625
Lease liability – Buildings	3,048	—	3,048	3,048
Lease liability – Others	7	—	7	7
Other financial liabilities	325	—	325	325
Accounts payable and related payables	8,745	—	8,745	8,745
Total financial liabilities	**25,097**	**—**	**25,097**	**25,097**

(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 book amount of financial liabilities measured at amortized cost was deemed to be a reasonable estimation of fair value.

Note 14: Income

Total income as of June 30, 2020 solely comes from the second named patient Temporary Authorization for Use ("ATU nominative") for LUMEVOQ™ (GS010) granted by the National Drug Safety Agency (*Agence Nationale de Sécurité du Médicament* or ANSM) to the CHNO of the Quinze-Vingts in January 2020. The price per patient was set at €700 K by the Group (€350 K per eye).

Should our commercial price set at a lower price than the one used for the ATU, the Company will have to reimburses the Health Insurance for the overpayment received during the ATU phase.

Note 15: Other income

Other income is detailed in the table below:

	As of June 30,	
In thousands of euros	2019	2020
Research tax credit	2,466	2,296
Subsidies	—	282
Total	**2,466**	**2,578**

Note 16: Operating expenses

16.1 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,	
In thousands of euros	2019	2020
Personnel expenses[1]	2,347	2,017
Sub-contracting, collaboration and consultants	12,257	9,004
Licensing and intellectual property	191	150
Offices cost	534	15
Travel and entertainment expenses	366	204
Depreciation and amortization expense	404	208
Other	7	366
Total R&D expenses	**16,105**	**11,964**

(1) Includes €608 K and €468 K related to share-based compensation expense as of June 30, 2019 and 2020 respectively.

16.2 General and administrative expenses

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

	As of June 30,	
In thousands of euros	2019	2020
Personnel expenses[1]	1,419	2,706
Professional Fees	593	604
Communication and travel expenses	404	301
Offices cost	37	(83)
Office furniture and small equipment	59	39
Postal and telecommunication expenses	9	7
Depreciation and amortization expense	133	216
Attendance fees	82	105
Insurance	24	23
Others	353	67
Total G&A expenses	**3,113**	**3,985**

(1) Includes €370 K and €1,272 K related to share-based compensation expense as of June 30, 2019 and 2020 respectively.

16.3 Sales and Marketing expenses

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

	As of June 30,	
In thousands of euros	2019	2020
Personnel expenses[1]	227	225
Professional Fees	110	499
Communication and travel expenses	40	7
Offices cost	6	62
Depreciation and amortization expense	18	56
Others	10	95
Total S&M expenses	**411**	**944**

(1) Includes €93 K and €49K related to share-based compensation expense as of June 30, 2019 and 2020, respectively.

16.4 Personnel expenses

The Group was employing 25 people on permanent contract as of June 30, 2020 compared with 28 as of June 30, 2019.

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

	As of June 30, 2019				As of June 30, 2020			
In thousands of euros	R&D	G&A	S&M	TOTAL	R&D	G&A	S&M	TOTAL
Wages and salaries	1,301	779	110	2,190	941	745	108	1,793
Social contributions	301	186	7	494	487	613	52	1,151
Service cost (employee benefit)	128	81	16	225	109	73	15	197
Pensions – IAS 19 Service cost	9	3	1	13	13	3	2	18
Share-based payments	608	370	93	1,071	468	1,272	49	1,789
Total	**2,347**	**1,419**	**227**	**3,993**	**2,017**	**2,706**	**225**	**4,948**

Note 17: 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").

Details regarding the main characteristics of employee warrants (BCE), non-employee warrants (BSA), performance shares (AGA), and stock options (SO) granted before January 1, 2020 are presented in Note 18 of the 2019 Consolidated Financial Statements.

17.1 Employee warrants (BCE)

Changes in the balances of employee warrants (BCE) are as follows during the period:

	BCE 2013-02	BCE 2014-06	BCE 2015-06	Total
Balance outstanding at January 1, 2020	**123,720**	**60,000**	**482,582**	**666,302**
Granted during the period	–	–	–	–
Exercised during the period	–	–	–	–
Forfeited during the period	–	–	–	–
Balance outstanding at June 30, 2020	**123,720**	**60,000**	**482,582**	**666,302**
Of which exercisable	123,720	60,000	482,582	666,302

17.2 Non-employee warrants (BSA)

With the authorization of the General Meeting of Shareholders on June 11, 2019, the Board of Directors granted 40,000 BSA 2020 have been granted on January 28, 2020 and may be exercised by the beneficiary on the basis of the following vesting schedule:

- up to 1/4 on the date of the grant
- the remaining 75% becoming exercisable up to 1/36 per month from the date of grant; and
- at the latest within 7 years from the date of grant.

Changes in the balances of the non-employee warrants (BSA) are as follows during the period:

	BSA 2013-02	BSA 2015-06	BSA 2016	BSA 2017	BSA 2018	BSA 2019	BSA 2020	Total
Balance outstanding at January 1, 2020	**293,040**	**121,000**	**158,000**	**165,000**	**20,000**	**105,000**	**–**	**862,040**
Granted during the period	–	–	–	–	–	–	40,000	40,000
Exercised during the period	–	–	–	–	–	–	–	–
Forfeited during the period	–	–	–	–	–	–	–	–
Balance outstanding at June 30, 2020	**293,040**	**121,000**	**158,000**	**165,000**	**20,000**	**105,000**	**40,000**	**902,040**
Of which exercisable	293,040	121,000	158,000	161,563	13,750	46,250	14,167	807,769

17.3 Free shares (AGA)

With the authorization of the General Meeting of Shareholders on April 12, 2018, the Board of Directors granted 1,020,000 free shares (AGA 2018) on January 28, 2020:

- 567,500 AGA 2018 may be fully acquired by Key Managers, including Mr. Gilly, subject to (i) a one year acquisition period from the date of grant and (ii) achievement of the performance criteria described below no later than January 28, 2022:
  - 283,750 of these free shares will be acquired upon the approval with the European Medicines Agency (EMA) of the application for market authorization (MA) at the European level of the LUMEVOQ® (GS010);
  - 283,750 of these free shares will be acquired upon the filing with the Food and Drug Administration (FDA) of the application for Biologics License Application (BLA) for the LUMEVOQ® (GS010).
- 452,500 AGA 2018 will be fully acquired on January 28, 2021 (one year after their grant date).

Changes in the balances of free shares (AGA) are as follows during the period:

	AGA 2018
Balance outstanding at January 1, 2020	**1,005,000**
Granted during the period	1,020,000
Vested during the period	–
Forfeited during the period	(115,000)
Balance outstanding at June 30, 2020	**1,910,000**

17.4 Reconciliation with P&L share-based expenses

	As of June 30, 2019				As of June 30, 2020			
In thousands of euros	R&D	G&A	S&M	TOTAL	R&D	G&A	S&M	TOTAL
Non-Employee Warrants (BSA)	14	28	–	41	58	28	–	85
Employee Warrants (BCE)	(41)	18	–	(22)	–	–	–	–
Performance Shares (AGA)	420	318	93	831	282	699	49	1,030
Free Share (AGA)	42	4	–	45	128	546	–	674
Stock Options (SO)	173	3	–	176	–	–	–	–
Share-based payments expense	**608**	**370**	**93**	**1,071**	**468**	**1,272**	**49**	**1,789**

Note 18: Financial income and expenses

The financial income and expenses are broken down as follows:

	As of June 30,	
In thousands of euros	2019	2020
Foreign exchange gains	41	70
Other	—	—
Financial income	**41**	**70**
Foreign exchange losses	(78)	(81)
Accrued interests	(94)	(99)
Amortized cost (Effective Interest Method)	—	(272)
Finance cost on employee benefits	(1)	—
Interest expenses from Leases	(47)	(81)
Other	—	—
Financial expenses	**(220)**	**(533)**
Financial income (loss)	**(179)**	**(463)**

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

The accrued interests on conditional advances received from Bpifrance Financement. have been calculated on the basis of a rate of 5.56%/year.

Interest expenses from Leases reflect interest on the lease liability deriving from the first application of IFRS 16 new standard.

Amortized costs (Effective Interest Method) reflect the interests paid on the bonds financing contracted with Kreos Capital in December 2019.

Note 19: Income tax

Taking into account its stage of development which prevents management from making sufficiently financial forecasts, the Group does not recognize deferred tax assets.

Taking into account the tax regulations, the Company had tax losses to be carried forward with no time limit for a total amount of €144 million at December 31, 2019.

Note 20: Commitments and contingent liabilities

Commitments existing as of December 31, 2019 have not changed significantly at the end of the reporting period.

Note 21: Relationships with related parties

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

Note 22: 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. All outstanding ordinary shares have been taken into consideration for purposes of calculating basic earnings per share. The weighted average number of shares was 27,590,756 and 32,827,362 in June 2019 and June 2020 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 17).

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 4,814,644 potential additional ordinary shares, have been considered anti-dilutive.

	As of June 30,	
In thousands of euros	2019	2020
Net income (loss) of the reporting period	(17,344)	(14,078)
Adjusted weighted average number of outstanding shares	27,590,756	32,827,362
Basic and diluted earnings (loss) per share in euros	**(0.63)**	**(0.43)**

Note 23: Management of financial risks

The assessment of risks has not substantially changed since the Company filed its 2019 Universal Registration Document. The document is available on the company's website: https://www.gensight-biologics.com/wp-content/uploads/2020/04/GENSIGHT_URD_2019_VA_vDEF.pdf

Note 24: Subsequent events

GenSight Biologics has obtained a €6.8 million non-dilutive 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'État)*. As of June 30, 2020, we have received the funds from CIC and BNP Paribas

for €2,5 million and €2.1 million, respectively. The remaining €2.1 million were received from BPIfrance on July 10, 2020.

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.

The Company and Bpifrance Financement have had recent discussions to debate over the possibility to consider the expenses in the scope of the Sight Again project raised by the Company until the end of November 2019; *i.e.* the original date of expiration of the contract. The Company has been informed by Bpifrance Financement on July 2, 2020 that they agreed to cover for the expenses raised during the 3rd and 4th key step with an additional conditional advance of €1,139 K, which have been received on July 7, 2020.

In addition, it has also been decided that the beneficiary contract would be amended, notably with the following conditions:

- the repayment schedule will be delayed by 2 years, therefore, the first repayment deadline is now June 30, 2024 instead of June 30, 2022.
- Implementation of a minimum reimbursement of €819 K, representing 20% of the total conditional advances received by the Company.

The updated contract has not been received by the Company yet.

ACTIVITY REPORT

Preliminary remarks

This activity report discussed hereafter the main operations of GenSight Biologics as of June 30, 2020.

The interim condensed financial statements the Company as of June 30, 2020 have been prepared by the Management as a going concern regarding assumptions and hypothesis mentioned in the Note 3.4 "Going concern" of the interim condensed consolidated financial statements.

A. OPERATING INCOME

Our operating income consists of revenues and other income.

Income

As described in our Press Release relating to the update on our operations in the context of COVID-19 released on April 6, 2020, a second patient has been treated under a Temporary Authorization for Use (ATU) granted by the French National Drug Safety Agency early 2020. However, the COVID-19 situation has delayed the review and approval by the ANSM of the additional ATU's requested before the lockdown, and therefore, no additional patient could be treated before the end of the semester.

The Company still considers that, within the current situation, it will be able to overcome this delay and does not expect any impact on the related revenues for 2020.

Income as of June 30, 2020 therefore solely comes from the named patient Temporary Authorization for Use ("ATU nominative") for LUMEVOQ® (GS010) granted by the National Drug Safety Agency (Agence Nationale de Sécurité du Médicament or ANSM) to the CHNO of the Quinze-Vingts early 2020. The price per patient was set at €700K by the Group (€350K per eye).

Other income

The other income is composed of research tax credit, as well as a subsidy from BpiFrance related to the "Sight Again" contract.

Research Tax Credit

The expenditures taken into account for the calculation of the credit tax research 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 2019 Research tax credit in the amount of €4,242 K which has been received in May 2020.

Subsidy

In addition to the conditional advance mentioned in Note 24 of our condensed half-year consolidated financial statements, the Company has recognized a non-refundable subsidy from Bpifrance Financement in connection with its development its product candidate using its optogenetics technology platform, GS030.

	As of June 30,	
In thousands of euros	2019	2020
Research tax credit	2,466	2,296
Subsidies	—	282
Total	**2,466**	**2,578**

B. OPERATING EXPENSES

1. Research and Development

Our research and development expenses consist principally of external costs, such as manufacturing expenses, 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,	
In thousands of euros	2019	2020
Personnel expenses[(1)]	2,347	2,017
Sub-contracting, collaboration and consultants	12,257	9,004
Licensing and intellectual property	191	150
Offices cost	534	15
Travel and entertainment expenses	366	204
Depreciation and amortization expense	404	208
Other	7	366
Total R&D expenses	**16,105**	**11,964**

(1) Includes €608 K and €468 K related to share-based compensation expense as of June 30, 2019 and 2020 respectively.

From the first half of 2019 to the first half of 2020, the total amount spent by the group for research and development

activity strongly decreased from €16,105 K to €11,964 K, or a decrease of 25.7%. The drop has been primarily driven by:

- a €330K decrease in personnel expenses, coming from a €140K decrease in share-based compensation expense and the decrease of the headcount dedicated to Research and Development, from 21 to 18 in June 2019 and June 2020, respectively.
- a €2.4 million decrease in Chemistry Manufacturing and Control costs, mainly related to LUMEVOQ® (GS010) whose the majority of costs related to the preparation for the Marketing approval has been spent in 2019.
- a €1.3 million decrease in clinical trials, mainly related to mainly related to the end of Rescue and Reverse trials, as well as our Reflect trial for which several key milestones were achieved during the first semester of 2019 and whose last patient has been treated on July 2, 2019, therefore, there has been fewer patient follow-up visits and related costs during the first semester of 2020.
- a €0.6 million decrease in device engineering, related to the design and manufacturing costs of the Goggles for the Pioneer trial of GS030. This decrease is explained by the strategical decision of the Company to mainly focus its resources on the preparation of the Marketing Approval for LUMEVOQ® (GS010).

All the decreases described above have been partially offset by a rise of €0.5 million in Regulatory and Quality services expenses. This inflation derives from the consulting costs involved by the preparation of the filling with the EMA planned for Q3 of this year.

2. General and Administrative

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.

During the period presented, our general and administrative expenses increased from €3,113 K as of June 30, 2019, to €3,985 K as of June 30, 2020.

Our general and administrative expenses are broken down as follows:

	As of June 30,	
In thousands of euros	2019	2020
Personnel expenses(1)	1,419	2,706
Professional Fees	593	604
Communication and travel expenses	404	301
Offices cost	37	(83)
Office furniture and small equipment	59	39
Postal and telecommunication expenses	9	7
Depreciation and amortization expense	133	216
Attendance fees	82	105
Insurance	24	23
Others	353	67
Total G&A expenses	**3,113**	**3,985**

(1) Includes €370 K and €1,272 K related to share-based compensation expense as of June 30, 2019 and 2020 respectively.

The increase in our general and administrative expenses (28% or €0.9 million) from year to year mainly results from the increase of €0.9 million in share-based compensation.

If and when we believe that regulatory approval of the first product candidate appears likely, we anticipate an increase in payroll and related expenses as a result of our preparation for commercial operations.

3. Sales and Marketing

Sales and marketing expenses consist primarily of professional fees, communication and branding fees and personnel costs.

In thousands of euros	As of June 30, 2019	2020
Personnel expenses[1]	227	225
Professional Fees	110	499
Communication and travel expenses	40	7
Offices cost	6	62
Depreciation and amortization expense	18	56
Others	10	95
Total S&M expenses	**411**	**944**

(1) Includes €93 K and €49K related to share-based compensation expense as of June 30, 2019 and 2020, respectively.

During the period presented, our sales and marketing expenses strongly increased from €411 K as of June 30, 2019, to €943 K as of June 30, 2020.

The increase primarily derives from the professional fees. The Group has initiated the deployment of its pre-launch roadmap activities for LUMEVOQ® (GS010), mainly focused on our commercial model as well as payer landscape analysis.

C. FINANCIAL LOSS

Our net financial loss increased to €(463) K as of June 30, 2020 from €(179) K as of June 30, 2019. Our financial expenses increased from €220 K to €533 K. The significant increase is primarily due to interest paid on the bond financing contracted with Kreos Capital in December 2019 for €272 K.

D. NET LOSS

The net loss amounts to €14,078 K as of June 30, 2020 from €17,344 K as of June 30, 2019. The basic and diluted loss per share (calculated with the adjusted weighted average number of outstanding shares during the period) amounted to €0.63 and €0.43 as of June 30, 2019 and 2020 respectively.

E. NON-CURRENT ASSETS

Non-current assets are composed of intangible, tangible assets and non-current financial assets. They decreased over the period from €4,718 K as of December 31, 2019 to €4,254 K as of June 30, 2020, primarily from the amortization expense of the period.

F. CURRENT ASSETS

Current assets amounted to €27,765 K as of December 31, 2019 and €22,899 K as of June 30, 2020. The decrease is essentially due to the usage of cash and cash equivalents during the first half of 2020, as well as the decrease of the Research Tax Credit receivable, whose reimbursement for the full year 2019 amount have been received as of the date of the present report.

G. CHANGES IN SHAREHOLDER'S EQUITY

The changes in shareholder's equity are primarily due to the losses of the half-year period. Thus, shareholder's equity amounted to €11,746 K as of December 31, 2019 and €(453) K as of June 30, 2020.

H. ANALYSIS OF CASH FLOW

In thousands of euros	As of June 30, 2019	2020
Net cash flows from operating activities	(19,464)	(6,734)
Net cash flows from investment activities	98	(52)
Net cash flows from financing activities	7,380	4,377

The net cash flows from operating activities as of June 2020 amount to €(6.7) million and €(19.5) million as of June 2019. The significant change is explained by both the increase in the net result, from €(17,354) K as of June 2019 to €(14,078) K as of June 2020, mainly deriving from the increase in revenue and the strong decrease in R&D expenses; as well as the change in working capital related to operating activities (from a decrease of €3.9 million in June 2019 to an increase of €4.6 million in June 2020). The increase of the change in trade working capital observed during the first half of the year is mainly explained by the reimbursement of the Credit Tax Research in May 2020, the increase of the trade payables over the period and decrease of the account receivables.

The negative cash flows from investment activities are due to the acquisition of own shares as part of the liquidity contract.

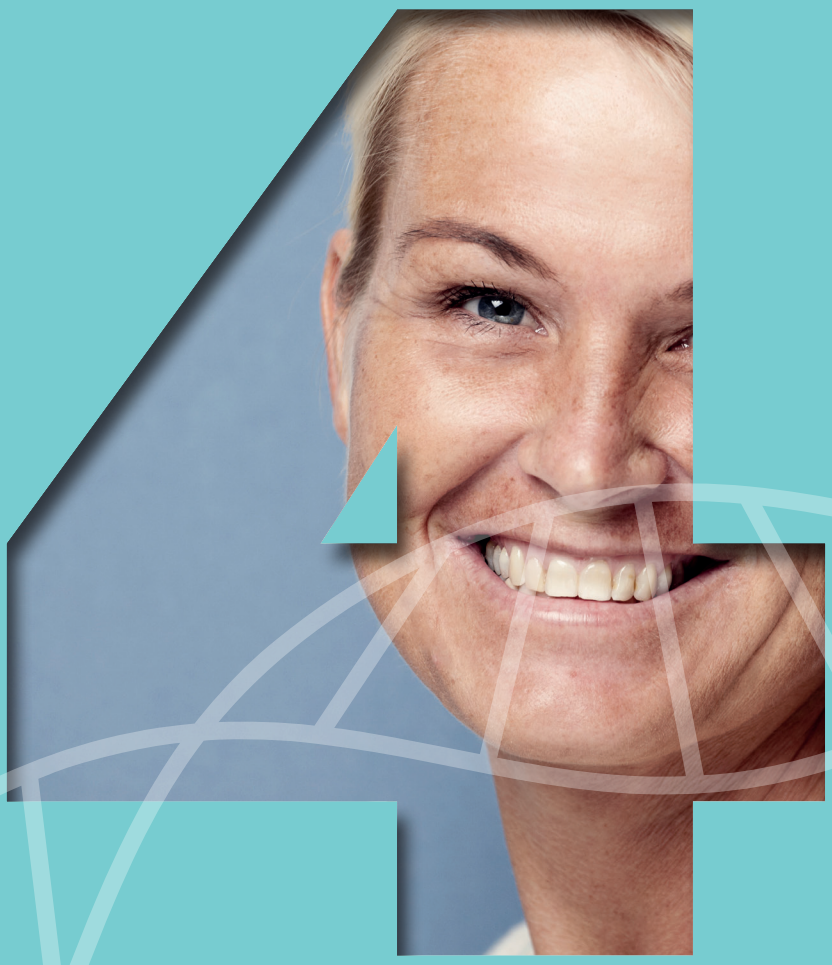
The positive cash flows from financing activities are mainly due to the state-guaranteed loan (*Prêt Garanti par l'État* or PGE) obtained, of which €4,625 K have been received as of June 2020.

TRANSACTIONS BETWEEN RELATED PARTIES

3

TRANSACTIONS BETWEEN RELATED PARTIES

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



RISK FACTORS

4

RISK FACTORS

Risk factors are similar to those presented in the section 3 of the 2019 Universal Registration Document (pages 14 to 37) and did not change significantly during the first half-year of 2020.

This document is available on the Company's website: www.gensight-biologics.com.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2020 HALF-YEAR FINANCIAL INFORMATION

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2020 HALF-YEAR FINANCIAL INFORMATION

BECOUZE

34, rue de Liège
75008 Paris
S.A.S. au capital de 309 700 €
323 470 427 RCS Angers

Deloitte & Associés

6, place de la Pyramide
92908 Paris La Défense cedex
S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre

GenSight Biologics
Société Anonyme
74, rue du faubourg Saint-Antoine
75012 PARIS

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

Period from January 1 to June 30, 2020

To the Shareholders,

In compliance with the assignment entrusted to us by your bylaws and your Shareholders' Meeting 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, 2020,
- the verification of the information presented in the half-yearly management report.

These half-year condensed consolidated financial statements were prepared under the responsibility of the Board of Directors on July 29, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

I. 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.

II. SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report commenting the condensed half-yearly consolidated financial statements subject to our review prepared on July 29, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly condensed consolidated financial statements.

Paris and Paris-La Défense, July 29, 2020

The Statutory Auditors

BECOUZE

Fabien BROVEDANI
Partner

DELOITTE & ASSOCIÉS

Stéphane LEMANISSIER
Partner

DECLARATION BY THE PERSON RESPONSIBLE FOR THE 2020 HALF-YEAR FINANCIAL REPORT

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DECLARATION BY THE PERSON RESPONSIBLE FOR THE 2020 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 29, 2020

Bernard Gilly
Chief Executive Officer

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