2022

HALF-YEAR FINANCIAL REPORT JUNE 30, 2022

GenSight BIOLOGICS

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CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of euros	Notes	As of June 30, 2022	As of December 31, 2021
ASSETS			
Non-current assets			
Intangible assets	4	103	112
Property, plant and equipment	5	2,670	2,549
Other non-current financial assets		648	624
Total non-current assets		3,421	3,285
Current assets			
Trade accounts receivable	6.1	309	754
Other current assets	6.2	12,648	8,321
Cash and cash equivalents	7	24,146	44,288
Total current assets		37,103	53,363
TOTAL ASSETS		**40,524**	**56,648**

In thousands of euros	Notes	As of June 30, 2022	As of December 31, 2021
LIABILITIES			
Shareholders' equity			
Share capital	8	1,158	1,158
Premiums related to the share capital		181,205	181,175
Reserves		(168,446)	(137,726)
of wich cumulative translation adjustment		*174*	*25*
Net income (loss)		(10,714)	(28,617)
Total shareholders' equity attributable to equity holders of the Company		**3,203**	**15,989**
Non-current liabilities			
Corporate bonds — non-current portion	9.1	1,130	2,586
Derivative liabilities — non-current portion		—	—
Borrowings from Banks — non-current portion	9.2	2,133	3,058
Conditional advances — non-current portion	9.3	5,074	4,939
Lease liability — non-current portion	9.4	1,454	1,512
Other liabilities — non-current portion	10	7,770	6,281
Non-current provisions		19	41
Total non-current liabilities		**17,580**	**18,417**
Current liabilities			
Corporate bonds — current portion	9.1	3,210	2,465
Derivative liabilities — current portion	9.1	568	2,536
Borrowings from Banks — current portion	9.2	2,201	2,210
Lease liability — current portion	9.4	888	735
Other financial liabilities — current portion	10	—	—
Trade accounts payable	11.1	9,803	11,561
Current provisions		61	61
Other current liabilities	11.2	3,010	2,675
Total current liabilities		**19,740**	**22,242**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**40,524**	**56,648**

CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

		For the six-month period ended June 30,	
In thousands of euros	Notes	2022	2021
Operating income			
Revenues	13	3,058	5,570
Other income	14	1,193	1,311
Total operating income		**4,251**	**6,881**
Operating expenses			
Research and development	15.1	9,912	8,042
Sales and marketing	15.2	4,048	2,290
General and administrative	15.3	2,337	3,272
Total operating expenses		**16,296**	**13,605**
Operating profit (loss)		**(12,046)**	**(6,724)**
Financial income	17	3,001	235
Financial expenses	17	(1,669)	(1,814)
Financial income (loss)		**1,333**	**(1,579)**
Income tax		(1)	–
Net income (loss)*		**(10,714)**	**(8,304)**
Basic and diluted earnings (loss) per share*	21	**(0.23)**	**(0.19)**

* The financial statements as of June 30, 2021 have been modified in order to take into account the IFRIC interpretation of the norm IAS 19, published in 2021, which modifies the way of calculating the commitments relating to certain defined benefit plans.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	For the six-month period ended June 30,	
In thousands of euros	2022	2021
Net income (loss)*	(10,714)	(8,304)
Actuarial gains and losses on employee benefits, net of income tax*	33	99
Foreign currency translation differences, net of income tax	(275)	(86)
Total comprehensive income (loss)*	**(10,956)**	**(8,291)**

* The financial statements as of June 30, 2021 have been modified in order to take into account the IFRIC interpretation of the norm IAS 19, published in 2021, which modifies the way of calculating the commitments relating to certain defined benefit plans.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Notes	For the six-month period ended June 30, 2022	2021
Cash flows from operating activities			
Net income (loss)		(10,714)	(8,304)
Operating activities			
Amortization and depreciation	4-5	546	471
Retirement pension obligations		11	23
Expenses related to share-based payments	16.5	(1,618)	1,515
Other financial items		(1,034)	1,656
Other non-monitary items			
Operating cash flows before change in working capital		**(12,809)**	**4,638**
Accounts receivable		446	(2,128)
Accounts payable, net of prepayments		(2,454)	(2,237)
Other receivables		(3,883)	(1,767)
Other current and non-current liabilities		2,013	553
Change in working capital		**(3,877)**	**(5,579)**
Net cash flows from operating activities		**(16,687)**	**(10,217)**
Acquisitions of property, plant and equipment	5	(149)	(10)
Acquisitions of intangible assets	4	–	–
Acquisitions/reimbursement of non-current financial assets		242	250
Acquisitions/reimbursement of current financial assets		–	–
Sales of property, plant and equipment		–	–
Net cash flows from investing activities		**93**	**240**
Cash flows from financing activities			
New borrowings obtained	9	–	–
Interests paid	17	(363)	(315)
Repayment of obligations under finance leases		(414)	(283)
Repayment of obligations under bond financing		(2,274)	(1,038)
Other financial liabilities		–	(74)
Treasury shares		(242)	(250)
Subscription of share warrants	8	31	53
Capital increases, net of transaction costs		–	28,299
Net cash flows from financing activities		**(3,262)**	**26,392**
Increase/(decrease) in cash and cash equivalents		**(19,856)**	**16,416**
Cash and cash equivalents at beginning of the period		44,288	37,943
Effect of changes in exchange rates on cash and cash equivalent		(286)	(96)
Cash and cash equivalents at end of period		**24,146**	**54,263**

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, 2021	**40,875,965**	**1,022**	**152,776**	**(108,116)**	**(34,015)**	**11,667**
Net income (loss) for the period*	—	—	—	—	(8,304)	(8,304)
Cumulative translation adjustment	—	—	—	—	—	—
Other comprehensive income*	—	—	—	13	—	13
Total comprehensive income (loss)	**—**	**—**	**—**	**13**	**(8,304)**	**(8,291)**
Allocation of prior period net income (loss)	—	—	—	(34,015)	34,015	—
Allocation to reserves						
Capital increase by issuance of ordinary shares	4,698,291	117	30,087	—	—	30,205
Capital increase transaction costs	—	—	(1,906)	—	—	(1,906)
Capital increases related to acquisition of free shares	437,500	11	(11)	—	—	—
Subscription of share warrants	—	—	53	—	—	53
Treasury shares	—	—	—	(250)	—	(250)
Share-based payments	—	—	—	1,515	—	1,515
Balance at June 30, 2021*	**46,011,756**	**1,150**	**181,000**	**(140,852)**	**(8,304)**	**32,993**
Balance at January 1, 2022	**46,300,591**	**1,158**	**181,175**	**(137,726)**	**(28,617)**	**15,989**
Net income (loss) for the period	—	—	—	—	(10,714)	(10,714)
Cumulative translation adjustment	—	—	—	—	—	—
Other comprehensive income	—	—	—	(242)	—	(242)
Total comprehensive income (loss)	**—**	**—**	**—**	**(242)**	**(10,714)**	**(10,956)**
Allocation of prior period net income (loss)	—	—	—	(28,617)	28,617	—
Allocation to reserves	—	—	—	—	—	—
Capital increase by issuance of ordinary shares	—	—	—	—	—	—
Capital increase transaction costs	—	—	—	—	—	—
Capital increases related to acquisition of free shares	35,000	1	(1)	—	—	—
Subscription of share warrants	—	—	31	—	—	31
Treasury shares	—	—	—	(243)	—	(243)
Share-based payments	—	—	—	(1,618)	—	(1,618)
Balance at June 30, 2022	**46,335,591**	**1,158**	**181,205**	**(168,446)**	**(10,714)**	**3,203**

* The financial statements as of June 30, 2021 have been modified in order to take into account the IFRIC interpretation of the norm IAS 19, published in 2021, which modifies the way of calculating the commitments relating to certain defined benefit plans.

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 subsidiaries 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 €3,203 K as of June 30, 2022 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 7, 2022, the Company announced a delay in the completion of the validation (PPQ) batches for LUMEVOQ®, the Company's gene therapy for the treatment of Leber Hereditary Optic Neuropathy (LHON). The delay is necessary to implement operational adjustments that will prevent the recurrence of issues with the latest PPQ campaign. The Company targets the restart of the campaign in Q3 2022.

The latest campaign, which was initiated after the Company addressed an equipment issue that caused the 2021 campaign to fail, generated drug substance whose viral genome titer fell below the acceptance threshold. Resulting investigations led by external experts have traced the outcome to operational difficulties in specific stages of the downstream process. To prevent the repeat of these issues, the Company is working with its manufacturing partner to implement targeted corrections around enhanced process control and more rigorous supervision inside the manufacturing suites. In addition, the Company has decided to manufacture smaller engineering lots to confirm the robustness of the corrective actions.

On April 14, 2022, the Company announced that the Committee for Advanced Therapies (CAT) of the EMA has granted the Company a six-month extension for submitting its responses to the Day 120 questions in the regulatory review of LUMEVOQ®, GenSight's gene therapy for the treatment of Leber Hereditary Optic Neuropathy (LHON).

Responses to the Day 120 questions are now due in October 2022, after which regulatory review of LUMEVOQ®'s Marketing Authorisation Application will resume. The Company expects the opinion from the EMA's Committee for Medicinal Products for Human Use (CHMP) by Q3 2023, to be followed by commercial launch by the end of 2023.

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, 2022. 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, 2022 have been prepared under the responsibility of the management of GenSight Biologics, they have been approved on July 27, 2022 by the Board of Directors.

The presented condensed financial statements are expressed in thousands of euros, unless stated otherwise. For ease of calculation, numbers have been rounded. Calculations, however, are based on exact figures. Therefore, the sum of the numbers in one column of a table may not conform to the total figure displayed in the column.

The Reporting date for the condensed consolidated accounting statements is June 30 and covers a six- month period. The individual statements of the consolidated subsidiaries 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, 2022 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, 2021.

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 2021 financial statements and described in note 2 to consolidated financial statements for the year ended December 31, 2021. Furthermore, the condensed consolidated financial statements were prepared in compliance with other standards and interpretations in force as of January 1, 2022, 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, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 16	Property, Plant and Equipment — Proceeds before Intended Use
Annual Improvements to IFRS Standards 2018-2020 (May 2020)	Annual Improvements to IFRS Standards 2018-2020 (May 2020)
Amendments to IFRS 3 (May 2020)	Reference to the Conceptual Framework
Amendments to IAS 37 (May 2020)	Onerous Contracts — Cost of Fulfilling a Contract

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:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
IFRS 17	Insurance Contracts
Amendments to IFRS 17	IFRS 17
Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 1	Classification of liabilities as current or non-current — Deferral of effective date
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 8	Definition of accounting estimates
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information

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. On December 30, 2021, the Group incorporated a second subsidiary, GenSight Biologics France SAS, registered and located in France.

As 100% of the voting rights and ownership interests are held by the Group, both subsidiaries are 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 revenue from the sale of LUMEVOQ® in France, since the French National Drug Safety Agency (ANSM) granted a named patient Temporary Authorization for Use (ATU nominative) for LUMEVOQ®.

As of the date of the approval of the 2022 interim condensed consolidated financial statements by the Board of directors, the Company does not have sufficient working capital to meet its obligations for at least the next 12 months. Considering the cash position as of June 30, 2022 (amounting to €24.1 million), the Company believes it will be able to fund its operations until early first quarter 2023.

In order to meet its obligations beyond this date, the Company will have to find additional funding. Various financing sources are considered among which, the issuance of new debt or equity instruments, in order to complete its working capital needs and to finance its operating expenses. Based on current discussions, the Company reasonably believes it will have the ability to raise additional funds during 2022.

The interim condensed half-year consolidated financial statements have been prepared on a going concern basis assuming that the Company will be successful in its additional financing assumptions.

However, as no assurance can be given at this time as to whether the Company will be able to achieve these financing objectives, there are material uncertainties regarding the Company's ability to continue as a going concern.

These Interim Condensed Consolidated Financial Statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern.

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, 2021.

Note 4: Intangible assets

The intangible assets are broken down as follows:

In thousands of euros	As of June 30, 2022	As of December 31, 2021
Patents, licenses, trademarks	275	275
Software	18	18
Total historical cost	**293**	**293**
Accumulated amort. of patents, licenses and trademarks	(172)	(163)
Accumulated depreciation of software packages	(18)	(18)
Accumulated amortization and depreciation	**(191)**	**(181)**
Net total	**103**	**112**

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 2021 are presented in the following table:

In thousands of euros	As of December 31, 2020	Increase	Decrease	Currency translation adjustment	As of December 31, 2021
Technical equipment and installations	610	3	–	6	620
IFRS 16 – Right-of-use – Building	3,501	96	–	177	3,774
Leasehold improvement	959	–	–	23	982
Office and computer equipment	206	28	–	1	236
IFRS 16 – Right-of-use – Others	19	–	–	–	19
Furniture	492	–	–	14	505
Total gross property, plant and equipment	**5,786**	**128**	**–**	**222**	**6,136**
Accumulated depreciation of technical equipment and installations	(417)	(71)	–	(2)	(491)
IFRS 16 – Right-of-usee – Building	(1,164)	(616)	–	(67)	(1,847)
Accumulated depreciation of leasehold improvement	(461)	(108)	–	(8)	(576)
Accumulated depreciation of office and computer equipment	(188)	(18)	–	(1)	(207)
IFRS 16 – Right-of-use – Others	(15)	(4)	–	–	(19)
Accumulated depreciation of furniture	(387)	(50)	–	(9)	(447)
Total accumulated depreciation	**(2,632)**	**(868)**	**–**	**(87)**	**(3,587)**
Total net property, plant and equipment	**3,154**	**(740)**	**–**	**135**	**2,549**

Changes in PPE gross book values and accumulated depreciation as of June 30, 2022 are presented in the following table :

In thousands of euros	As of December 31, 2021	Increase	Decrease	Currency translation adjustment	As of June 30, 2022
Technical equipment and installations	620	–	–	8	628
IFRS 16 – Right-of-use – Building	3,774	379	–	208	4,361
Leasehold improvement	982	49	–	27	1,057
Office and computer equipment	236	28	(9)	1	256
IFRS 16 – Right-of-use – Others	19	–	–	–	19
Furniture	505	72	–	16	594
Total gross property, plant and equipment	**6,136**	**528**	**(9)**	**261**	**6,915**
Accumulated depreciation of technical equipment and installations	(491)	(32)	–	(4)	(526)
IFRS 16 – Right-of-usee – Building	(1,847)	(407)	–	(101)	(2,356)
Accumulated depreciation of leasehold improvement	(576)	(58)	–	(12)	(646)
Accumulated depreciation of office and computer equipment	(207)	(9)	9	(1)	(208)
IFRS 16 – Right-of-use – Others	(19)	–	–	–	(19)
Accumulated depreciation of furniture	(447)	(31)	–	(13)	(490)
Total accumulated depreciation	**(3,587)**	**(536)**	**9**	**(131)**	**(4,245)**
Total net property, plant and equipment	**2,549**	**(8)**	**–**	**130**	**2,670**

Note 6: Account receivables and other current assets

6.1 Accounts receivables and related receivables

The account receivables as of June 2022 result from the sale of LUMEVOQ® in the context of the Temporary Authorisation for Use (ATUs) in France.

6.2 Other current assets

The other current assets are broken down as follows:

In thousands of euros	As of June 30, 2022	As of December 31, 2021
Prepayments	2,502	1,816
Research tax credit	3,626	2,433
Other taxes receivable	1,255	1,108
Liquidity contract	95	337
Prepaid expenses	5,147	2,552
Other current assets	23	74
Total	**12,648**	**8,321**

Other taxes receivable essentially refers to VAT receivables.

As of June 30, 2022, prepaid expenses were primarily manufacturing costs related to LUMEVOQ® and GS030, rental costs and scientific collaborations expenses.

Research Tax Credit

The following table shows the changes in the Research Tax Credit during the six-month period ended June 30, 2022:

	Amounts in K€
Opening balance sheet receivable as of January 1, 2022	2,433
Other operating income	1,193
Payment received	–
Closing balance sheet receivable as of June 30, 2022	3,626

Note 7: Cash and cash equivalents

Cash and cash equivalents items are broken down as follows:

In thousands of euros	As of June 30, 2022	As of December 31, 2021
Cash	24,146	44,288
Cash equivalents	–	–
Total cash and cash equivalent as reported in the statements of financial position	24,146	44,288
Bank overdrafts	–	–
Total net cash and cash equivalents as reported in the statements of cash flows	24,146	44,288

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 8: Capital

The share capital as of June 30, 2022 amounts to €1,158,389.78. It is divided into 46,335,591 fully authorized, subscribed and paid-up ordinary shares with a nominal value of €0.025.

As of June 30, 2022, the Company held 173,429 treasury shares for an amount of €387,787.24.

Note 9: Financial liabilities

9.1 Bond financing

The financing obtained from Kreos in December 2019 and August 2020 is qualified as a hybrid instrument in the Group's financial statements. The two derivative instruments are, in accordance with IFRS 9, measured at fair value, with a change in fair value recognized in profit or loss.

The amount remaining in debt is recognized at amortized cost using the effective interest rate.

9.2 Borrowings from Banks

The Company 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'État)* (the "PGE").

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% for the first 12 months. 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.

The Group has signed in June 2021 amendments to the initial agreements, including an amortization period of three years; until mid-2024, as well as effective interest rates ranging from 1.01% to 2.25%.

This benefit, resulting from the low interest is determined by applying a discount rate equal to the rate the Company would have to pay for a bank borrowing over a similar maturity. The implicit interest rate resulting from taking into account the whole repayments is used to determine the amount recognized annually as a finance cost.

9.3 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, 2021	**4,679**
Receipts	–
Repayments	–
Accrued interest	260
Other	–
Balance as of December 31, 2021	**4,939**
Non-current portion	4,939
Current portion	–

In thousands of euros	
Balance as of January 1, 2022	**4,939**
Receipts	–
Repayments	–
Accrued interest	134
Other	–
Balance as of June 30, 2022	**5,074**
Non-current portion	5,074
Current portion	–

9.4 Maturity dates

Maturity dates of financial liabilities as of December 31, 2021 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Conditional advances	4,939	–	2,152	2,787
Corporate bonds	5,051	2,465	2,586	–
Borrowings from Banks	5,268	2,210	3,058	–
Lease Liability	2,247	735	1,512	–
Total financial liabilities	**17,505**	**5,410**	**9,308**	**2,787**

Maturity dates of financial liabilities as of June 30, 2022 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Conditional advances	5,074	–	2,700	2,374
Corporate bonds	4,340	3,210	1,130	–
Borrowings from Banks	4,335	2,201	2,133	–
Lease Liability	2,342	888	1,454	–
Total financial liabilities	**16,090**	**6,300**	**7,416**	**2,374**

Note 10: Other non-current liabilities

10.1 Refund liability

GenSight Biologics recorded a refund liability, related to the potential rebates obligations resulting from the current regulatory framework of the Temporary Authorization for Use (ATU) with the Social Security and Family Allowance Contribution Collection Offices (URSSAF). In France, use of pharmaceutical products not yet approved by a Marketing Authorization (AMM) and not recruiting for a clinical trial requires first obtaining an ATU from the ANSM. The Company will be paid a preliminary price by the hospitals. Upon obtaining full marketing authorization and completing pricing negotiations, it may be required to rebate to the URSSAF the difference between the preliminary price and the final price. A discounting effect has been recognized.

10.2 Subsidy

The benefit resulting from the low interest of the State-guaranteed loan (PGE) is treated as a subsidy. This amount is recognized as financial income over the applicable repayment period.

This benefit is determined by applying a discount rate equal to the rate the Company would have to pay for a bank borrowing over a similar maturity. The implicit interest rate resulting from taking into account the whole repayments is used to determine the amount recognized annually as a financial expense.

10.3 Maturity dates

Maturity dates of accounts payables as of December 31, 2021 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Refund Liability	5,517	–	5,517	–
Subsidy	581	161	420	–
Other	345	1	345	–
Total Other liabilities	**6,443**	**162**	**6,281**	–

Maturity dates of accounts payables as of June 30, 2022 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Refund Liability	7,051	–	7,051	–
Subsidy	385	83	302	–
Other	418	1	417	–
Total Other liabilities	**7,854**	**84**	**7,770**	–

Note 11: Account payables and other current liabilities

11.1 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, 2022 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Trade accounts payable	9,803	9,803	–	–

11.2 Other current liabilities

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

In thousands of euros	As of June 30, 2022	As of December 31, 2021
Employee-related payable	2,518	2,452
Other taxes liabilities	370	24
Subsidy	83	161
Deferred revenue	38	37
Other current liabilities	1	1
Total	**3,010**	**2,675**

Note 12: 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, 2021 and June 30, 2022 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, 2021				
Financial assets				
Non-current financial assets	624	–	624	624
Current financial assets	337	337	–	337
Accounts receivable and related receivables	754	–	754	754
Cash and cash equivalents	44,288	–	44,288	44,288
Other current assets	7,984	–	7,984	7,984
Total financial assets	**53,987**	**337**	**53,650**	**53,987**
Financial liabilities				
Bond financing	5,051	–	5,051	5,051
Derivative liabilities	2,536	2,536	–	2,536
Borrowings from Banks	5,268	–	5,268	5,268
Conditional advances (non-current portion)	4,939	–	4,939	4,939
Refund liability	5,517	–	5,517	5,517
Lease liability – Buildings	2,247	–	2,247	2,247
Other non-current liabilities	765	–	765	765
Accounts payable and related payables	11,561	–	11,561	11,561
Other current liabilities	2,675	–	2,675	2,675
Provisions	102	–	102	102
Total financial liabilities	**40,660**	**2,536**	**36,123**	**40,660**

(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.

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, 2022				
Financial assets				
Non-current financial assets	648	–	648	648
Current financial assets	95	95	–	95
Accounts receivable and related receivables	309	–	309	309
Cash and cash equivalents	24,146	–	24,146	24,146
Other current assets	12,553	–	12,553	12,553
Total financial assets	**37,751**	**95**	**37,656**	**37,751**
Financial liabilities				
Bond financing	4,340	–	4,340	4,340
Derivative liabilities	568	568	–	568
Borrowings from Banks	4,335	–	4,335	4,335
Conditional advances (non-current portion)	5,074	–	5,074	5,074
Refund liaiblity	7,051	–	7,051	7,051
Lease liability – Buildings	2,342	–	2,342	2,342
Lease liability – Others	719	–	719	719
Accounts payable and related payables	9,803	–	9,803	9,803
Other current liabilities	3,010	–	3,010	3,010
Provisions	80	–	80	80
Total financial liabilities	**37,321**	**568**	**36,753**	**37,321**

(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 13: Revenues

The Company started the sale of LUMEVOQ® through the named patient Temporary Authorization for Use ("ATU nominative") granted by the National Drug Safety Agency (*Agence Nationale de Sécurité du Médicament* or ANSM) to the CHNO of the Quinze-Vingts on December 2019. Total income as of June 30, 2021 and 2022 solely comes from those named patient ATU.

Our net product revenues are recognized, net of variable consideration related to certain allowances and accruals, at the time the customer obtains control of our product, *i.e.* after acceptance of the delivery by the customer.

The sole component of variable consideration related to product revenues is related to the potential obligations resulting from the current regulatory framework of the Temporary Authorization for Use (ATU) with the Social Security and Family Allowance Contribution Collection Offices (URSSAF). In France, use of pharmaceutical products not yet approved by a Marketing Authorization (AMM) and not recruiting for a clinical trial requires first obtaining an ATU from the ANSM. The Company will be paid a preliminary price by the hospitals. Upon obtaining full marketing authorization and completing pricing negotiations, it may be required to rebate to the URSSAF the difference between the preliminary price and the final price.

Note 14: Other income

Other income is detailed in the table below:

	As of June 30,	
In thousands of euros	2022	2021
Research tax credit	1,193	1,311
Subsidies	—	—
Total	**1,193**	**1,311**

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,	
In thousands of euros	2022	2021
Personnel expenses(1)	1,538	2,056
Sub-contracting, collaboration and consultants	7,271	5,386
Licensing and intellectual property	351	184
Travel and entertainment expenses	233	18
Depreciation and amortization expense	247	191
Other	273	207
Total R&D expenses	**9,912**	**8,042**

(1) Includes €363 K and €(564) K related to share-based compensation expense (income) as of June 30, 2021 and 2022 respectively.

15.2 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	2022	2021
Personnel expenses(1)	2,057	452
Professional Fees	1,712	1,706
Communication and travel expenses	92	10
Depreciation and amortization expense	57	42
Others	128	81
Total S&M expenses	**4,048**	**2,290**

(1) Includes €10 K and €6 K related to share-based compensation expense as of June 30, 2021 and 2022, respectively.

15.3 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	2022	2021
Personnel expenses[(1)]	149	2,158
Professional Fees	1,404	583
Communication and travel expenses	231	174
Office furniture and small equipment	87	42
Postal and telecommunication expenses	5	8
Depreciation and amortization expense	180	47
Attendance fees	128	132
Insurance	31	24
Others	121	105
Total G&A expenses	**2,337**	**3,272**

(1) Includes €1,142 K and €(1,060) K related to share-based compensation expense (income) as of June 30, 2021 and 2022 respectively.

15.4 Personnel expenses

The Group was employing 44 people on permanent contract as of June 30, 2022 compared with 33 as of June 30, 2021.

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

	As of June 30, 2022				As of June 30, 2021			
In thousands of euros	R&D	G&A	S&M	TOTAL	R&D	G&A	S&M	TOTAL
Wages and salaries	1,610	1,095	1,630	4,336	1,171	765	331	2,267
Social contributions	352	29	386	767	390	170	87	647
Service cost (employee benefit)	133	83	33	249	116	77	19	213
Pensions – IAS 19 Service cost	6	2	2	11	15	4	4	23
Share-based payments	(564)	(1,060)	6	(1,618)	363	1,142	10	1,515
Total	**1,538**	**149**	**2,057**	**3,744**	**2,056**	**2,158**	**452**	**4,666**

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").

Details regarding the main characteristics of employee warrants (BCE), non-employee warrants (BSA), performance shares (AGA), and stock options (SO) granted before January 1, 2022 are presented in Note 19 of the 2021 Consolidated Financial Statements.

16.1 Employee warrants (BCE)

The Board has not granted any BCE during the period presented.

16.2 Non-employee warrants (BSA)

With the authorization of the General Meeting of the Shareholders on April 29, 2021, the Board of Directors granted 65,000 BSA 2021 on December 14, 2021. Those BSA 2021 which may be exercised by the beneficiaries based on the following vesting schedule, were subscribed on April 20,2021.

- 1/3 from the first anniversary date of the date of grant,
- 1/3 from the second anniversary of the date of grant,
- 1/3 from the third anniversary of the date of grant
- at the latest within 7 years from the date of grant.

16.3 Free shares (AGA)

Cancellation of free shares plan

The delay in the completion of the validation (PPQ) batches for LUMEVOQ® announced on April 7, 2022 will not allow the Group to timely achieve the first Performance Condition of the 2020 performance Bonus Share Plans granted on January 28, 2020 and September 22, 2020, and has therefore led to the cancellation of the remaining 50% of both Performance Bonus Share Plans on the same date.

In addition, following the delay in the completion of the validation (PPQ) batches for LUMEVOQ® announced on April 7, 2022, the Group assessed that it will not be in a position to achieve the first Performance Condition of the 2021 performance Bonus Share Plans granted on February 25, 2021 and October 21, 2021 before the given deadline and has therefore decided to cancel 50% of both Performance Bonus Share Plans on the same date.

New allocations

With the authorization of the General Meeting of Shareholders on April 29,2021, the Board of Directors granted 1,957,000 free shares (AGA 2022) on May 23, 2022, to employees of the Company, of which:

- 1,892,500 are subject to (i) a two-years acquisition period from the date of grant and (ii) achievement of the performance criteria described below :
  - 50% will be acquired upon the first commercial sale of the LUMEVOQ®, and
  - 50% will be acquired upon publication of the topline results of the Phase I/II clinical trial with GS030 in retinitis pigmentosa;
  - in the event of a public tender offer or public exchange offer on the Company's shares, the Performance Conditions 1 and 2 will be deemed not applicable from the Date of the Public Offer.
- 65,000 are not subject to performance conditions, but subject to a two-years vesting period.

Changes in the balances of AGA

In thousands of euros	AGA 2018	AGA 2020	AGA 2021	AGA 2022	TOTAL
Balance outstanding at January 1, 2022	**262,500**	**892,500**	**380,000**	**—**	**1,535,000**
Granted during the period	—	—	—	1,957,500	1,957,500
Vested during the period	—	(35,000)	—	—	(35,000)
Forfeited during the period	(262,500)	(465,000)	(190,000)	—	(917,500)
Balance outstanding at June 30, 2022	**—**	**392,500**	**190,000**	**1,957,500**	**1,535,000**

16.4 Stock-Options

With the authorization of the General Meeting of Shareholders on April 29, 2021, the Board of Directors issued 250,000 SO 2022, with an exercise price of €1.99 per share on May 23, 2022.

The SO 2022 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.

In addition, 129,792 stock Options from the 2020 and 2021 SO plans have been cancelled over the period.

16.5 Reconciliation with P&L share-based expenses

	As of June 30, 2022				As of June 30, 2021			
In thousands of euros	R&D	G&A	S&M	TOTAL	R&D	G&A	S&M	TOTAL
Non-Employee Warrants (BSA)	54	95	—	150	17	251	—	268
Employee Warrants (BCE)	—	—	—	—	—	—	—	—
Performance Shares (AGA)	(554)	(1,171)	6	(1,719)	179	858	10	1,047
Free Share (AGA)	39	16	—	55	81	32	—	114
Stock Options (SO)	(104)	—	—	104	86	—	—	86
Share-based payments expense	**(564)**	**(1,060)**	**6**	**(1,618)**	**363**	**1,142**	**10**	**1,515**

Note 17: Financial income and expenses

The financial income and expenses are broken down as follows:

	As of June 30,	
In thousands of euros	**2022**	**2021**
Foreign exchange gains	1,034	235
Net change in Derivative Financial Instrument Fair Value	1,968	—
Other	—	—
Financial income	**3,001**	**235**
Foreign exchange losses	(734)	(158)
Accrued interests	(134)	(138)
Amortized cost (Effective Interest Method)	(734)	(911)
Net change in Derivative Financial Instrument Fair Value	—	(544)
Finance cost on employee benefits	—	—
Interest expenses from Leases	(63)	(63)
Other	(3)	—
Financial expenses	**(1,669)**	**(1,814)**
Financial income (loss)	**1,333**	**(1,579)**

Amortized cost (Effective Interest Method) represents the calculated interests expenses of the bond Financing with Kreos as well as the interests calculated on the borrowings from banks (PGE).

Derivative Financial Instruments are measured at fair-value through profit. The fair value is calculated based on financial mathematic models using observable market data as of June 30, 2022.

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

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.

Note 18: 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 approximately €199 million at December 31, 2021.

Note 19: Commitments and contingent liabilities

Commitments existing as of December 31, 2021 have not changed significantly at the end of the reporting period.

Note 20: Relationships with related parties

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

Key management personnel compensation

The compensation amounts presented below, which were awarded to key management personnel which are members of the board of directors of the Group, were recognized as expenses during the period presented:

	As of June 30,	
In thousands of Euros	**2022**	**2021**
Short-term employee benefits	616	487
Share-based payments benefits	(610)	882
Total	**(6)**	**1,369**

The share-based payments income recognized as of June 2022 derives from the cancellations of the 2020 of 50% of the 2021 Bonus Shares plan (see Note 16 of the document).

Liabilities to key management personnel as of June 30, 2021 and 2022 are set forth below:

	As of June 30,	
In thousands of Euros	2022	2021
Variable compensation	150	91
Total	**150**	**91**

Note 21: 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 43,809,510 and 46,324,897 in June 2021 and June 2022 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 4,818,941 potential additional ordinary shares, have been considered anti-dilutive.

	As of June 30,	
In thousands of Euros, except for earning (loss) per share	2022	2021
Net income (loss) of the reporting period	(10,714)	(8,304)
Adjusted weighted average number of outstanding shares	46,324,897	43,809,510
Basic and diluted earnings (loss) per share in euros	**(0.23)**	**(0.19)**

Note 22: Management of financial risks

The assessment of risks has not substantially changed since the Company filed its 2021 Universal Registration Document. The document is available on the company's website:

https://www.gensight-biologics.com/wp-content/uploads/2022/04/GENSIGHT_URD_2021_ANGLAIS_2022-04-29_VDEF.pdf

Note 23: Subsequent events

On July 20, 2022, the Group reported that after 5 years of follow-up, Leber Hereditary Optical Neuropathy (LHON) subjects treated with LUMEVOQ® (GS010) continued to experience significantly improved vision as a result of a one-time injection of the gene therapy treatment. Compared to the trend in vision observed among untreated patients, the findings are a significant divergence from the natural outcomes of LHON.

The data from RESTORE (CLIN06), the long-term follow-up study to which all participants in the RESCUE and REVERSE Phase III pivotal trials were invited, also continue to show that the treatment is well-tolerated over the 5-year follow-up period.

5 years' data on efficacy and safety shows substantial durability evidence and is more extensive than what is typically submitted in a data package for a gene therapy.

ACTIVITY REPORT 2

Preliminary remarks

This activity report discussed hereafter the main operations of GenSight Biologics as of June 30, 2022.

The interim condensed financial statements the Company as of June 30, 2022 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

The Company started the sale of LUMEVOQ® through the named patient Temporary Authorization for Use ("ATU nominative") granted by the National Drug Safety Agency (*Agence Nationale de Sécurité du Médicament* or ANSM) to the CHNO of the Quinze-Vingts on December 2019. Total income as of June 30, 2022 solely comes from those named patient ATU.

Our net product revenues are recognized, net of variable consideration related to certain allowances and accruals, at the time the customer obtains control of our product, *i.e.* after acceptance of the delivery by the customer.

The sole component of variable consideration related to product revenues is related to the potential obligations resulting from the current regulatory framework of the Temporary Authorization for Use (ATU) with the Social Security and Family Allowance Contribution Collection Offices (URSSAF). In France, use of pharmaceutical products not yet approved by a Marketing Authorization (AMM) and not recruiting for a clinical trial requires first obtaining an ATU from the ANSM. The Company will be paid a preliminary price by the hospitals. Upon obtaining full marketing authorization and completing pricing negotiations, it may be required to rebate to the URSSAF the difference between the preliminary price and the final price.

Other income

The other income is composed of 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 2021 Research tax credit in the amount of €2,433 K which has not been received as of June 30, 2022.

	As of June 30,	
In thousands of euros	2022	2021
Research tax credit	1,193	1,311
Subsidies	—	—
Total	**1,193**	**1,311**

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	2022	2021
Personnel expenses(1)	1,538	2,056
Sub-contracting, collaboration and consultants	7,271	5,386
Licensing and intellectual property	351	184
Travel and entertainment expenses	233	18
Depreciation and amortization expense	247	191
Other	273	207
Total R&D expenses	**9,912**	**8,042**

(1) Includes €363 K and €(564) K related to share-based compensation expense (income) as of June 30, 2021 and 2022 respectively.

From the first half of 2021 to the first half of 2022, the total amount spent by the group for research and development activity strongly increased from €8,042 K to €9,912 K, or an increase of 23.3%. The rise has been primarily driven by:

- a €2.2 million increase in Chemistry Manufacturing and Control (CMC) activities expenses, mostly related to the last PPQ campaign required as part of the Marketing Authorisation Application with the EMA, which occurred during Q1 2022, as well as to the implementation of the operational adjustments that will prevent the recurrence of issues arisen during the campaign.
- a €0.2 million increase in device engineering costs, related to the design and manufacturing costs of the Goggles for the future phase III clinical trial of GS030 in Retinis Pigmentosa, as well as a €0.2 million increase in Licensing costs.
- The increases above have been partially offset by the €0.5 million decrease in personnel expenses, mostly driven by the share-based compensation income of €0.6 million as of June 2022, due to the cancellations of the remaining 50% of the 2020 performance share plan and of 50% of the 2021 performance share plan, as well as a €0.5 million decrease in clinical operations and Medical Affairs, mainly related to the end of the clinical development of LUMEVOQ® and more particularly the end of the REFLECT study, whose topline results at 78 weeks were released in July 2021.

2. Sales and Marketing

During the period presented, our sales and marketing expenses significantly increased from €2.3 million as of June 30, 2021 to €4.0 million as of June 30, 2022. (+€1.8 million or +76.7%).

	As of June 30,	
In thousands of euros	2022	2021
Personnel expenses(1)	2,057	452
Professional Fees	1,712	1,706
Communication and travel expenses	92	10
Depreciation and amortization expense	57	42
Others	128	81
Total S&M expenses	**4,048**	**2,290**

(1) Includes €10K and €6 K related to share-based compensation expense as of June 31, 2021 and 2022, respectively.

The increase primarily derives from the personnel expenses. The Group has initiated the deployment of its pre-launch roadmap activities for LUMEVOQ®, mainly focusing on building the European commercial team, at Group-level and in the EU5 countries initially, as well as implementing Strategic Marketing and Market Access initiatives. We have recruited in February 2022 our Senior Vice-President of Commercial Operations who will lead the launch of LUMEVOQ® in Europe together with the EU 5 Country Leads.

3. 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 decreased from €3,272 K as of June 30, 2021, to €2,337 K as of June 30, 2022, or a decrease of 28.6%.

Our general and administrative expenses are broken down as follows:

	As of June 30,	
In thousands of euros	**2022**	**2021**
Personnel expenses[1]	149	2,158
Professional Fees	1,404	583
Communication and travel expenses	231	174
Office furniture and small equipment	87	42
Postal and telecommunication expenses	5	8
Depreciation and amortization expense	180	47
Attendance fees	128	132
Insurance	31	24
Others	121	105
Total G&A expenses	**2,337**	**3,272**

(1) Includes €1,142 K and €(1,060) K related to share-based compensation expense (income) as of June 30, 2021 and 2022 respectively.

The decrease in our general and administrative expenses (28.6% or €0.9 million) from year to year mainly results from the decrease of €2.0 million in personnel expenses, mainly resulting from the share-based compensation expenses decrease of €2.2 million, explained by the cancellations of the remaining 50% of the 2020 performance share plans and of 50% of the 2021 performance share plan. This decrease is partially offset by an increase of €0.8 million in professional fees, mostly related to the investor relations and the optimization of our internal processes

The income in office costs derives from the rents received from the sublessee of our office space in NY. In 2021, these were allocated between R&D and S&M.

C. FINANCIAL INCOME (LOSS)

Our net financial income significantly increased to €1,333 K as of June 30, 2022 from a net financial loss of €(1,579) K as of June 30, 2021.

Our financial income increased from €235 K to €3,001 K. This increase is directly explained by the change in derivative financial instrument fair value booked for an amount of €1,968 K versus €(544) K as of June 2021. These financial incomes (expenses) are non-cash and represent the change In Fair Value of the convertible option and share warrants attached to our Bond Financing with Kreos. The fair value is calculated based on financial mathematic models using observable market data as of June 30, 2022.

Our financial expenses slightly decreased from €(1,814) K to €(1,669) K. The Company has booked interest expenses attached to our bond financing and our state-guaranteed loan for €(734) K based on the effective interest rate, versus €(911) K as of June 2021. The interest expenses corresponding to accrued interests of conditional advances amounts remained steady and amount to €(134) K. We also booked interest expenses deriving from the application of the standard IFRS 16 for €(63) K, stable versus June 2021.

The net financial income arose from the foreign exchange gains and losses amount to €300 K in 2022 and €77 K in 2021.

D. NET LOSS

The net loss amounts to €(10,714) K as of June 30, 2022 from €(8,304) K as of June 30, 2021. The basic and diluted loss per share (calculated with the adjusted weighted average number of outstanding shares during the period) amounted to €0.19 and €0.23 as of June 30, 2021 and 2022 respectively.

E. NON-CURRENT ASSETS

Non-current assets are composed of intangible, tangible assets and non-current financial assets. They slightly increased over the period from €3,285 K as of December 31, 2021 to €3,421 K as of June 30, 2022, primarily from well as the increase of our office space in Paris, the investments in furniture and computer equipment needed due to the increase in headcount.

F. CURRENT ASSETS

Current assets amounted to €53,363 K as of December 31, 2021 and €37,103 K as of June 30, 2022. The decrease is essentially due to the usage of cash and cash equivalents during the first half of 2022.

The decrease was partly offset by the €2.6 million in prepaid expenses, mostly deriving from manufacturing costs related to LUMEVOQ® and GS030, and the €1.3 million increase in Taxes receivables, coming from the 2021 Research Tax Credit amount, whose reimbursed have not been received as of the date of the present report, as well as the 2022 Research Tax Credit accrual.

G. CHANGES IN SHAREHOLDER'S EQUITY

The changes in shareholder's equity are primarily due to the loss of the half-year period in the amount of €(10,714) K. Thus, shareholder's equity amounted to €15,989 K as of December 31, 2021 and €3,203 K as of June 30, 2022.

H. ANALYSIS OF CASH FLOW

	As of June 30,	
In thousands of euros	2022	2021
Net cash flows from operating activities	(16,687)	(10,217)
Net cash flows from investment activities	93	240
Net cash flows from financing activities	(3,262)	26,392

Our net cash flows from operating activities were €(10.2) million and €(16.7) million for June 2021 and 2022, respectively. During the first half-year of 2022, the Group has mainly focused on the investigations following the last PPQ campaign occurred in Q1 2022, and the implementation of targeted corrective actions together with its manufacturing partner, around enhanced process control and more rigorous supervision inside the manufacturing suites. In addition, the Company continued to conduct the REFLECT and RESTORE (longterm follow-up of REVERSE and RESCUE patients) Phase III clinical trials of LUMEVOQ® in the treatment of Leber Hereditary Optic Neuropathy, as well as the PIONEER Phase I/II trial of GS030 in the treatment of Retinitis Pigmentosa. We also strongly accelerated our investments in Sales and Marketing operations towards the future commercial launch of LUMEVOQ® in Europe notably with the recruitment of our Senior Vice-President of Commercial Operations to lead these operations.

The Company also recorded revenues from the sale of LUMEVOQ® under a Temporary Authorization for Use (ATU) in France amounting to a total of €3.1 million as of June 2022 compared to €5.6 million as of June 2021. The retroactive application as of July 1, 2021, of mandatory discounts fixed by the new Decree on Early Access to Treatment in France, as well as the periodic revision of the variable consideration in accordance with IFRS15, have reduced the net price that the Company is using for revenue recognition purposes in June 2022 in comparison with June 2021. LUMEVOQ® treatments will now resume in early 2023 once batches become available.

Our net cash from operating activities in 2022 consisted primarily of a net loss of €(10.7) million adjusted of non-cash items, including the change in derivative financial instrument fair value of €(2.0) million, share-based payments of €(1.6) million, amortization and depreciation of €557 K, other financials items of €934 million.

Changes in working capital amounted to €(5,579) K and €(3,877) K for June 2021 and 2022, respectively. The material items in the change in working capital as at June 2022 include a significant increase of the other receivables of €3.9 million, mainly coming from the increase in prepaid expenses and other taxes receivables, as well as a decrease in trade payables over the period for €(2.5) million; partially offset by the increase of €2.0 million of other current and non-current liabilities related to the refund liability and the potential rebates obligations resulting from the current regulatory framework of the Temporary Authorization for Use (ATU).

Our net cash flows from investment activities were €240 K and €93 K in June 2021 and 2022, respectively. The positive cash flows are due to the sale of own shares as part of the liquidity contract, partly offset by the acquisition of furniture and computers over the period.

Our net cash flows from financing activities strongly decreased from €26.4 million in June 2021 to €(3.3) million in June 2022. The positive cash flows from financing activities as of June 2021 are mainly due to the net proceeds from the €28.1 million private placement in March 2021 by means of an accelerated bookbuilding process. The negative cash flows from financing activities as of June 2022 mainly come from the reimbursement of a total of €2.6 million including interests, to Kreos and our banks, related to our Bond financing and the state-guaranteed loan, as well as from the reimbursement of €0.4 million related to Finance leases and the application of the IFRS 16 standard.

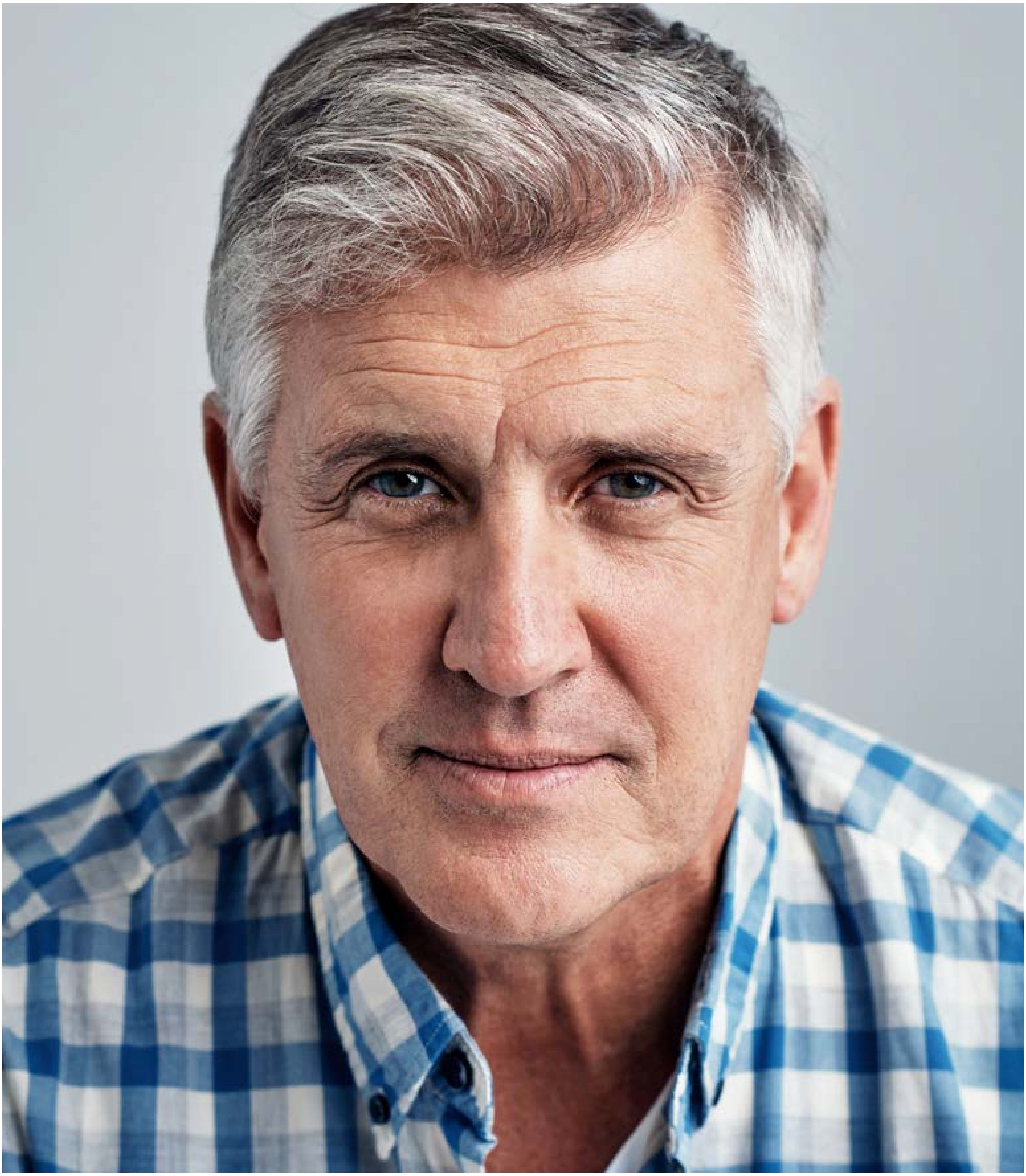
TRANSACTIONS BETWEEN RELATED PARTIES

3

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

Please see Note 20 of the 2022 condensed half-year consolidated financial statements for more information.

RISK FACTORS 4



Risk factors are similar to those presented in the section 3 of the 2021 Universal Registration Document (pages 13 to 39) and did not change significantly during the first half-year of 2022.

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

STATUTORY AUDITORS' REVIEW REPORT ON THE 2022 HALF-YEAR FINANCIAL INFORMATION

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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 S.A.
Société anonyme
74, rue du faubourg Saint-Antoine
75012 PARIS

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

For the period from January 1 to June 30, 2022

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 S.A.., for the period from January 1 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of Board of directors. 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.

Without qualifying our conclusion, we draw your attention to the matter set out in note 3.4 "Going concern" to the condensed half-yearly consolidated financial statements which raise substantial doubt about the ability of the Company to continue as a going concern.

II. 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 Bordeaux, July 27, 2022

The Statutory Auditors

BECOUZE
Rémi SOURICE
Partner

DELOITTE & ASSOCIÉS
Stéphane LEMANISSIER
Partner

DECLARATION BY THE PERSON RESPONSIBLE FOR THE 2022 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 27, 2022

Bernard Gilly
Chief Executive Officer

GenSight BIOLOGICS

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75012 Paris, France