

GenSight Biologics obtains €15 million in financing through a bond issuance from Kreos Capital and a reserved capital increase from Sofinnova and 3SBio

- First tranche of €6 million bond issuance and capital increase of €9 million
- Potential future financings as a second tranche of €4 million and an additional tranche of €2 million

Paris, France, December 20, 2019, 7.30am CET – GenSight Biologics (Euronext: SIGHT, ISIN: FR0013183985, PEA-PME eligible) (the "**Company**" or "**GenSight**"), a biopharma company focused on discovering and developing innovative gene therapies for retinal neurodegenerative diseases and central nervous system disorders, today announced that it had obtained committed financing in the form of a bond financing of up to €12 million from Kreos Capital VI (UK) Limited ("**Kreos**") and issued a drawdown notice thereunder for the first tranche of €6 million (the "**Kreos Transaction**") concurrently with the completion of a capital increase of €9 million subscribed for by one of its main shareholders Sofinnova Crossover I SLP ("**Sofinnova**") and by a new strategic Chinese investor Strategic International Group Limited, a wholly owned subsidiary of 3SBio Inc. ("**3SBio**") (the "**3SBio-Sofinnova Transaction**").

Bernard Gilly, Co-founder and Chief Executive Officer of GenSight, stated: *"This successful refinancing transaction is expanding our financial runway to the end of 2020, with minimal dilution, as we are entering into a pivotal year for GenSight. We are thrilled to see Sofinnova renewing their trust at this turning point, while the entry of 3SBio will pave the way towards creating additional value in Greater China."*

Dr. Jing Lou, Chairman and Chief Executive Officer of 3SBio, stated: *"The investment in GenSight is consistent with our goal to explore promising therapeutic strategies. Gene therapy technology will be one of most promising platforms for filling the unmet medical needs. As trained professional myself with 3SBio being one of largest biopharmaceutical company in China, I am excited about the potential opportunities to collaborate with GenSight in greater China."*

Cédric Moreau, Partner of Sofinnova Crossover I fund, stated: *"We are truly encouraged by the recent progress achieved by the company, particularly with both ATU granted in France and REALITY registry interim data, supporting the therapeutic benefit delivered by LUMEVOQ™."*

The **Kreos Transaction** includes a €10 million straight bond issuance divided into two tranches of €6 million and, subject to a Qualifying Financing¹, €4 million, respectively (including 30% of each tranche to be issued in the form of convertible bonds at Kreos' option). Each tranche includes a simultaneous issuance of warrants.

¹ **Qualifying Financing** means a financing of the Company in the form of equity (or Non-Dilutive Payment or subordinated convertible bonds, or a combination of the above) from existing shareholders and/or new top tier investors reasonably satisfactory to Kreos, with a minimal amount of gross proceeds of €10 million, being specified that such amount may be reduced, up to a maximal amount of €2 million, by the proceeds susceptible to be received by the Company under *Autorisations Temporaires d'Utilisation payantes*. In this definition, **Non-Dilutive Payment** means an upfront or milestone related payment under a licensing agreement.

The Company today announces the issuance of a drawdown notice for the first tranche of the Kreos Transaction for a total amount of €6 million, including a €4.2 million straight bond issuance and a €1.8 million convertible bonds issuance.

The second tranche of the Kreos Transaction may be drawn down at the Company's option, at any time up to September 1st, 2020.

Subject to the mutual consent of the parties, an additional tranche of €2 million may be made available at a later date, increasing the total bond financing to €12 million.

The **3SBIO-Sofinnova Transaction** includes an aggregate of €9 million capital increase subscribed by 3SBio, a leading biopharmaceutical company in China, and Sofinnova, lead investor in GenSight Biologics, for €5 and €4 million, respectively.

Reasons for the issuance and use of the proceeds

Gross proceeds from the 3SBio-Sofinnova Transaction are €9 million.

Gross proceeds from the first tranche of the Kreos Transaction will be €6 million.

Gross proceeds from the second tranche of the Kreos Transaction would be €4 million.

Gross proceeds from the optional third tranche of the Kreos Transaction would be €2 million.

The estimated net proceeds from the 3SBio-Sofinnova Transaction and from the first tranche of the Kreos Transaction, excluding any income related to the ATU in France, will allow the Company to finance until the end of June 2020 the clinical and pharmaceutical development of GS010 necessary for the filing of a Marketing Authorization Application (MAA) in Europe and a Biologics License Application (BLA) in the United States, and to actively prepare its commercial launch in Europe.

Key characteristics of the 3SBio-Sofinnova Transaction

GenSight Biologics's board of directors, using the delegation of powers granted by the 21st resolution of the shareholders' general meeting held on June 11, 2019 (capital increase without the exercise of preemptive subscription rights in favor of categories of persons with specific characteristics), has decided today to realize a capital increase of €9 million, by the issuance of 3,799,071 new shares with a nominal value of €0.025 each (the "**New Shares**") for a subscription price of €2.369 each, at no discount to the last closing price.

3SBio and Sofinnova participated for subscription amounts of €5 million and €4 million respectively.

The subscription price of the New Shares is equal to a 5% discount to the volume weighted average price of the Company's shares on the regulated market of Euronext Paris over the three last trading days before pricing, *ie.*, December 16, 17 and 18, 2019.

Sofinnova, by subscribing for 1,688,476 ordinary shares in the transaction, will own approximately 17.09% of the share capital and voting rights of GenSight Biologics (on a non-diluted basis and taking into account the share capital and voting rights of the Company as of the date of this press release) and will in consequence remain the largest shareholder of the Company.

3SBio, by subscribing for 2,110,595 ordinary shares to the transaction, will own approximately 6.43% of the share capital and voting rights of GenSight Biologics (on a non-diluted basis and taking into account the share capital and voting rights of the Company as of the date of this press release).

OneHealth Partners acted as Financial Advisor to the Company for this transaction.

Key characteristics of the Kreos Transaction

The Kreos Transaction is structured as following:

	Tranche A	Tranche B
Straight Bonds		
Issuance date	December 23 rd	At the option of the Company, at any moment between the Tranche A drawdown date and September 1 st 2020
Amount	€4,200,000	€4,000,000
Number	420,000,000 Straight Bonds with a nominal value of 0.01€	400,000,000 Straight Bonds with a nominal value of 0.01€
Drawdown conditions	Completion of the 3SBio-Sofinnova Transaction	Satisfaction of certain conditions precedent, including completion of a Qualifying Financing
Maturity date	45 months as from the issuance date	42 months as from the issuance date
Fixed interest rate	9.25% <i>per annum</i>	9.25% <i>per annum</i>
Redemption terms	Monthly	Monthly
Convertible Bonds		
Issuance date	December 23 rd	Simultaneously with the Straight Bonds
Amount	€1,800,000	Up to €1,200,000 (to be deducted from the amount of the Straight Bonds)
Number	1,800,000 Convertible Bonds with a nominal value of €1	Up to 1,200,000 Convertible Bonds with a nominal value of €1
Drawdown conditions	At Kreos' option	At Kreos' option
Maturity date and conversion deadline	42 months as from the issuance date	42 months as from the issuance date
Interest rate	Identical to the Straight Bonds	Identical to the Straight Bonds
Redemption Terms	Identical to the Straight Bonds	Identical to the Straight Bonds
Conversion ratio (CR)	$1 / ((0.9 * P) - D)$ P: 2,494 euros (3-day VWAP prior to the board pricing meeting <i>ie.</i> December 16, 17 and 18) D: dividend per share paid by the Company between the issuance date and the conversion date	$1 / ((0.9 * P) - D)$ P: 2,494 euros (3-day VWAP prior to the board pricing meeting <i>ie.</i> December 16, 17 and 18) D: dividend per share paid by the Company between the issuance date and the conversion date
Discount to the 3-days VWAP	10%	10%
Maximum number of shares issued upon conversion	801,781	534,521
Warrants		
Issuance date	December 23 rd 2019	Simultaneously with the Straight Bonds
Amount	€1,200,000	€300,000
Number	534,521	133,630
Drawdown conditions	Drawdown of the Straight Bonds	Drawdown of the Straight Bonds
Maturity date and	The earlier of the following	The earlier of the following events: (i) the tenth

exercise deadline	events: (i) the tenth anniversary of the Warrants A Issuance Date or (ii) the acceptance by the shareholders of the Company of a third-party bona fide offer to purchase all outstanding shares of the Company	anniversary of the Warrants B Issuance Date or (ii) the acceptance by the shareholders of the Company of a third-party bona fide offer to purchase all outstanding shares of the Company
Exercise price	2,245 euros (3-day VWAP prior to the board pricing meeting <i>ie.</i> December 16, 17 and 18) discounted by 10%	2,245 euros (3-day VWAP prior to the board pricing meeting <i>ie.</i> December 16, 17 and 18) discounted by 10%
Discount to the 3-day VWAP	10%	10%
Maximum number of shares issued upon exercise of the warrants	534,521	133,630

The Straight Bonds and the Convertible Bonds will be secured by pledge agreements on Gensight's bank accounts, business assets, owned intellectual property rights (trademarks, patents, software, and domain names) and any future receivables.

Working capital statement

As of today, the Company does not have sufficient net working capital to meet its obligations during the next 12 months. As of September 30, 2019, the Company had a cash position of €5.1 million available. Adding €4.3 million of Research Tax Credit to be received shortly, the Company can meet its obligations until mid-January 2020. Before the 3SBio-Sofinnova Transaction and the Kreos Transaction, the Company's lack of net capital is estimated to be 15.6 million for the next twelve months. To finance the pursuit of its activities necessary for its development over the next twelve months, a bond issuance associated with a capital increase constitute the preferred solution for the Company. For the period of twelve months following the date hereof, considering the net proceeds from the 3SBio-Sofinnova Transaction and the first tranche of the Kreos Transaction, and including additional expected income related to the ATU in France, the Company has sufficient net working capital to meet its obligations until November 2020 and the lack of net working capital is estimated to be €1.3 million, taking into account the need of the Company to finance its ongoing activities, including the active preparation for the launch of its GS010 product in Europe in 2021, if approved by regulatory authorities. In order to meet these obligations, the Company is already in a position to receive a second tranche of €4.0 million under the Kreos Transaction, subject to the realization of a Qualifying Financing of €10 million. The Company will explore other financing options through debt or equity in order to complete its working capital needs and to finance its operating expenses. In this respect, an additional drawdown of €2 million could be made available to the Company at a later date.

Admission of the New Shares and of the new shares to be issued under the conversion of the Convertible Bonds and upon exercise of the Warrants

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

The Straight Bonds, the Convertible Bonds and the Warrants will neither be listed nor admitted to trading on Euronext Paris or any other financial market.

A listing prospectus, incorporating the 2018 universal registration document, will be filed with the AMF together with a Securities Note, containing a summary of the prospectus in French and in English, will be submitted to the AMF, with a view to receiving its approval on or about December 20, 2019.

Impact of the offering on the share capital

Shareholders	Shareholders before the 3SBio-Sofinnova Transaction and Kreos Transaction		Shareholders after the 3SBio-Sofinnova Transaction		Shareholders after the issuance of the shares to be issued upon the conversion of the maximum number of Convertible Bonds and Warrants	
	Number of shares and voting rights	% of share capital and voting rights	Number of shares and voting rights	% of share capital and voting rights	Number of shares and voting rights	% of share capital and voting rights
5% Shareholders						
Sofinnova	3,921,568	13.51%	5,610,044	17.09%	5,610,044	16.11%
3SBio	-	-	2,110,595	6.43%	2,110,595	6.06%
Kreos Capital (Expert Fund) LP	-	-	-	-	2,004,453	5.75%
Versant	3,280,381	11.30%	3,280,381	9.99%	3,280,381	9.42%
Bpifrance Participations	2,000,000	6.89%	2,000,000	6.09%	2,000,000	5.74%
Bpifrance Investissement	975,666	3.36%	975,666	2.97%	975,666	2.80%
Directors and Executive Officers	1,105,210	3.81%	1,105,210	3.37%	1,105,210	3.17%
Employees	360,500	1.24%	360,500	1.10%	360,500	1.03%
Other shareholders (total)	17,384,966	59.89%	17,384,966	52.96%	17,384,966	49.91%
Total	29,028,291	100.00%	32,827,362	100.00%	34,831,815	100.00%

Following the settlement-delivery of the 3SBio-Sofinnova Transaction and the first tranche of the Kreos Transaction which are expected to occur on December 23, 2019, GenSight Biologics's share capital will amount €820,684.05 divided into 32,827,362 shares (nominal value €0.025).

Undertakings related to the transactions

Under the terms of a subscription agreement concluded with the Company on December 19, 2019, 3SBio and Sofinnova have undertaken to subscribe in full to the 3SBio-Sofinnova Transaction. Neither 3SBio nor Sofinnova have entered into a lock-up agreement relating to the shares of the Company.

These subscription commitments are subject in particular to the absence of any material adverse effect on the Company prior to the settlement and delivery of the 3SBio-Sofinnova Transaction.

In relation to the subscription for the New Shares by 3SBio, the Company has agreed to grant 3SBio a right of first refusal for potential licensing or co-development, encompassing manufacturing rights on its two lead assets, GS010 and GS030, in the Territory of Greater China (which right of first refusal may be bought back by the Company in the event of a global licensing deal or M&A transaction). The Company and 3SBio have also agreed to enter discussions on a potential licensing or co-development collaboration for the Company's two lead assets for Greater China shortly after the financing is completed.

Sofinnova subscribed for 1,688,476 new shares of the Company and will hold, after the completion of the 3SBio-Sofinnova Transaction 17.09% of the Company's share capital.

3SBio subscribed for 2,110,595 new shares of the Company and will hold, after the completion of the 3SBio-Sofinnova Transaction 6.43% of the Company's share capital.

Under the terms of a subscription agreement concluded with the Company on December 19, 2019, Kreos has undertaken to subscribe for the entirety of the Kreos Transaction. In relation to its subscription under the Kreos Transaction, Kreos will be granted an observer seat (*censeur*) at the Company's board of directors.

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About GenSight Biologics

GenSight Biologics S.A. is a clinical-stage biopharma company focused on discovering and developing innovative gene therapies for retinal neurodegenerative diseases and central nervous system disorders. GenSight Biologics' pipeline leverages two core technology platforms, the Mitochondrial Targeting Sequence (MTS) and optogenetics to help preserve or restore vision in patients suffering from blinding retinal diseases. GenSight Biologics' lead product candidate, GS010, is in Phase III trials in Leber Hereditary Optic Neuropathy (LHON), a rare mitochondrial disease that leads to irreversible blindness in teens and young adults. Using its gene therapy-based approach, GenSight Biologics' product candidates are designed to be administered in a single treatment to each eye by intravitreal injection to offer patients a sustainable functional visual recovery.

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This announcement is an advertisement and not a prospectus within the meaning of Regulation (EU) 2017/1129 (the "Prospectus Regulation"), as implemented in each member State of the European Economic Area. The listing prospectus, once approved by the AMF, will be available on the Company's website (www.gensight-biologics.com) and on the AMF website (www.amf-france.org).

No action has been undertaken or will be undertaken to make available any shares to any retail investor in the European Economic Area. For the purposes of this press release:

-the expression "retail investor" means a person who is one (or more) of the following:

- *a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or*

- a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or not a "qualified investor" as defined in the Prospectus Regulation; and

-the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares.

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