Press Release

GenSight Biologics secures €12 Million financing through a premium convertible notes issuance to an institutional investor and provides business update

- New €12 million financing subscribed at 90% of the nominal value i.e. 10.8 million euros with an entity advised by Heights Capital Management, Inc. (“Heights Capital”), in the form of notes convertible into new shares with a 30% premium and amortized over five years, whose reimbursement is subordinated to the EIB, expected to close on December 28, 2022 (the “Financing”)
- Full repayment of the financing with Kreos expected before the end of 2022
- Signing of a Warrant Agreement and upcoming request to draw down Tranche A of the financing with the EIB for €8 million
- Runway extended through Q2 2023 after taking into account these transactions

Paris, France, Friday December 23, 2022, 7:30 am CET – GenSight Biologics (Euronext: SIGHT, ISIN: FR0013183985, PEA-PME eligible), a biopharma company focused on developing and commercializing innovative gene therapies for retinal neurodegenerative diseases and central nervous system disorders, today announced that it has signed a subscription agreement for a €12 million convertible notes financing from Heights Capital.

“A few weeks after the announcement of a €35 million conditional loan by the EIB, this new financing with Heights Capital will allow us not only to draw down the first €8 million tranche, but also to secure an additional €12 million under conditions that once again result in minimal dilution for our shareholders, despite particularly difficult market conditions," said **Thomas Gidoin**, Chief Financial Officer of GenSight. *"These bonds are convertible at a 30% premium to the current market price, and redeemable in shares at a maximum discount of 15% to the current market price, with the possibility of cash redemption. These conversion conditions strongly limit the risk of dilution for shareholders."*

Purpose of the issuance and use of proceeds

The gross proceeds of the transaction will amount to €12 million.

The net proceeds of the issuance, amounting to €10.8 million, will be used by the Company to (i) repay the balance of the bond issue with Kreos Capital VI (UK) Limited (**"Kreos"**) of €4.4 million (of which €3.9 million in principal) and (ii) develop its portfolio of gene therapy products for the treatment of neurodegenerative diseases of the retina and central nervous system, and in particular LUMEVOQ® until its possible launch in Europe, scheduled for late 2023.

In accordance with the credit facility signed with the European Investment Bank ("**EIB** ") on November 3, 2022[1] (the "**Finance Contract**"), the disbursement of the first tranche of €8 million by the EIB for the benefit of the Company ("**Tranche A**") is subject to, among other conditions:

- the entry into of a warrant agreement with the EIB (the "**Warrant Agreement**"),
- the issue of the warrants under Tranche A,
- the full repayment of the balance of the financing with Kreos of €4.4 million (of which €3.9 million in principal),
- the successful production of an Engineering batch of LUMEVOQ® (condition fulfilled on September 19, 2022[2]),
- the decision by the Company to launch the validation batch production campaign (the "**PPQ**") (condition met), and
- a cash injection of €10 million, in the form of equity, convertible bonds (to the extent that their repayment would be subordinated to the EIB's debt under the terms of a subordination agreement to be entered into) or license revenues.

Upon the closing of the Financing, the Company announced it will have satisfied the last condition of cash contribution.

In addition, the Company announces that it has entered into the Warrant Agreement providing for the issue of Warrants to the benefit of the EIB (the "**Warrants**") pursuant to the Article L. 225-138 of the French commercial Code, in varied amounts according to the relevant tranche and the exercise price based on the market conditions applicable at the time of issue (the exercise price for each Warrant will be equal to 95% of the volume-weighted average price of the Company's ordinary shares over the last five trading days preceding the decision of the competent body of the Company to issue the Warrants). The Warrants will only be exercisable under the conditions described in the press release published by the Company on November 4, 2022.[3] If the Tranche A Warrants were issued today under the conditions currently proposed, the potential dilution represented by the underlying shares would be approximately 2.49% of the Company's current share capital.

In order to benefit from the disbursement of Tranche A of €8 million, the Company must satisfy the following conditions:

- the issuance of the Tranche A Warrants to the benefit of the EIB, scheduled for January 2023, and
- the repayment in full of the balance of the financing with Kreos of €4.4 million (of which €3.9 million in principal), scheduled to be completed before the end of 2022.

Working capital requirement

To date, the Company does not have sufficient net working capital to meet its obligations over the next 12 months. Before the completion of the Financing, the Company's net cash requirement is estimated at €28.1 million for the next twelve months.

[1] https://www.gensight-biologics.com/wp-content/uploads/2022/11/GenSight-Biologics-PR-EIB-Financing-Nov-22-vdef.pdf
[2] https://www.gensight-biologics.com/wp-content/uploads/2022/09/GENSIGHT-BIOLOGICS-CP-Manufacturing-Update-September-2022-vdef.pdf
[3] https://www.gensight-biologics.com/fr/2022/11/04/gensight-biologics-obtient-un-credit-dun-montant-de-35-millions-deuros-de-la-banque-europeenne-dinvestissement-pour-accompagner-la-mise-sur-le-marche-de-lumevoq-en-europe/

As at September 30, 2022, the Company's available cash amounted to €13.9 million. After the completion of the Financing, the Company expects to be able to meet its obligations until April 2023.

To finance the continuation of its activities necessary for its development over the next twelve months, the drawdown of Tranche A of the EIB, to be possible upon the closing of the Financing and expected in January 2023, as well as the drawdown of Tranche B, conditional on the success of the PPQ campaign and expected in Q2 2023, constitute the Company's preferred solution.

For the 12-month period following the date of this press release, taking into account the anticipated net proceeds of the Financing of €10.8 million, the repayment of the bond issue with Kreos for €4.4 million (of which €3.9 million in principal) expected before the end of 2022 and the expected upcoming disbursement of Tranche A for €8.0 million, the Company has sufficient net working capital to meet its obligations until May 2023, and the net working capital requirement is estimated at €9.3 million, in light of the Company's need to finance its ongoing activities, including the preparation of the possible launch of LUMEVOQ® in Europe in late 2023. With the addition of €12 million from the EIB Tranche B, the Company could meet its obligations until early 2024. The Company expects to seek other sources of debt or equity financing starting in 2023 to supplement its working capital needs and finance its operating expenses for 2024.

Terms and conditions of the issue of the Notes

The Board of directors of GenSight, using the delegation granted to it under the 24th resolution of the shareholders' Meeting held on May 25, 2022, decided to proceed with the issuance, without preferential subscription rights for shareholders, of notes convertible into new shares (the "**Notes**") reserved to category of investors.

The Financing will be represented by 120 Notes with a nominal value of €100,000 million each, representing gross proceeds of the issuance of €12 million. The Notes will be subscribed for by CVI Investment Inc., an entity advised by Heights Capital.

The settlement and delivery of the Notes and receipt of the funds is expected to occur on December 28, 2022. No application will be made for the Notes to be admitted to trading on any market. However, any ordinary shares issued pursuant to the terms of the Notes will be listed on the same line as the Company's existing shares (ISIN code FR0013183985).

The issuance is not subject to a prospectus requiring a visa from the AMF (French financial market authority).

The Company will regularly publish on its website the number of new shares issued pursuant to the terms of the Notes.

The Company has entered into a subordination agreement with Heights and the EIB (the "**Subordination Agreement**"), pursuant to which the Company undertakes to repay its indebtedness to Heights, the junior debt holder under the Note issuance agreement, only after the EIB, the senior debt holder under the Finance Contract, has been fully repaid in accordance with the terms of the Subordination Agreement.

Main characteristics of the Notes

The Company intends to issue the Notes on December 28, 2022 (the "**Issue Date**") at an issue price of €90,000 per Note, for a period of five years, i.e. until December 28, 2027 (the "**Maturity Date**"). The Notes will not bear interest.

The Notes may be converted into new ordinary shares of the Company exclusively at the option of the holder between the Issue Date and the Maturity Date. Initially, the Notes will entitle the holder, upon conversion, to a maximum of 22,884 new ordinary shares per Note, i.e. a conversion price of 4.37 euros per Note (the "**Initial Conversion Price**").

The Initial Conversion Price corresponds to a premium of 30% on the volume-weighted average price of the Company's shares on the regulated market of Euronext Paris during the last trading session preceding the determination of the terms of issuance (the "**Reference Price**"), thus complying with the price limits set by the 24th resolution of the Company's combined general shareholders' meeting held on May 25, 2022 (the volume-weighted average of the prices of the Company's shares on the regulated market of Euronext in Paris during the last five trading sessions preceding the determination of the price, less a maximum discount of 15%, i.e. €3.07) (the "**Price Limit**") it being specified that the Price Limit may be modified at a future general Meeting.

Starting six months after the Issue Date, the Notes will amortize quarterly in an amount of €5,263 per Note, payable either (i) in new ordinary shares issued at a 10% discount to the market value of the Company's shares at the time of amortization (it being specified that any payments in shares will be in accordance with the Price Limit) or (ii) at the Company's option, in cash at 110% of the amount to be amortized.

The number of shares that may be issued under the Notes will be between 2,746,108 (in the event of conversion of all the Notes at the Initial Conversion Price) and 3,915,171 (in the event of amortization of all the Notes at the Price Limit), subject to redemption exclusively in shares.

In the event of a capital increase by the Company (excluding any offer reserved for employees) of at least €5 million within 12 months of the Issue Date, the conversion price shall be adjusted (but only if such adjusted price is lower than the Initial Conversion Price) to correspond to 130% of the price per share in this capital increase and the Reference Price, in respect of the Price Limit.

On the date of the eighteenth anniversary of the Issue Date (the "**18-Month Reset Date**"), the conversion price shall be adjusted (but only if such adjusted price is lower than the conversion price without taking into account such adjustment) to correspond to the share price on the 18-Month Reset Date, it being specified that the conversion price so adjusted shall be at least equal to the Reference Price and the Price Limit; and it being further specified that the conversion price may be adjusted upwards if the volume-weighted average of at least 20 out of 30 consecutive trading days in the 12-month period following the 18-month Reset Date exceeds 150% of the Initial Conversion Price.

In accordance with the terms of the Notes, customary events of default (including in the event of non-payment on a due date, breach of the terms and conditions, delisting or cessation of business) will give Heights an option to request the early redemption of the Notes in cash at an amount equal to 110% of the principal amount of Notes outstanding. The Company has also given certain customary undertakings (in particular, not to grant any security interests, other than certain customary exceptions in this respect, and not to offer any shares for 30 days following the Issue Date, subject in particular to the issuance of the Warrants to the EIB and certain customary exceptions in this regard). The Company has also undertaken to seek additional equity financing for an amount corresponding to that of the Notes.

In the event of a change of control of the Company, Heights has the right to request early redemption in cash of the Notes at an amount equal to 110% of the principal amount of the Notes.

The Notes are non-transferable, except (i) in accordance with applicable law in connection with a merger, contribution of assets or similar transaction and (ii) in accordance with the provisions of the Subordination Agreement.

Dilution

The shareholding of a shareholder currently holding 1% of the share capital of the Company before conversion of all the Notes would be 0.94% following the conversion of all the Notes at the Initial Conversion Price (and excluding the case of redemption of the Notes) on a non-diluted basis and 0.86% on a diluted basis.

Update on activities

As anticipated, GenSight received the D180 questions from the European Medicines Agency (EMA) in December 2022. The Company must now submit its responses in March 2023.

Following the successful production in September of two Engineering batches incorporating adjustments to the LUMEVOQ® manufacturing process, GenSight initiated in December the production of a GMP (Good Manufacturing Practices) batch, identical and under the same conditions as the validation campaign (3 PPQ batches) required for the registration of LUMEVOQ® in Europe. The results of this GMP production, whose products could be used to treat patients, and in particular in the framework of the Temporary Authorization for Use (*Autorisation Temporaire d'Utilisation*, or ATU) in France, are expected at the end of Q1 2023. In parallel, the Company will launch the validation campaign in Q1 2023, with results expected in Q2 2023.

The Company anticipates the opinion of the Committee for Medicinal Products for Human Use (CHMP) of the EMA in Q3 2023. Commercial launch could follow by the end of 2023.

In parallel, GenSight continues to work on making its product available in the United States. The Company is preparing to as soon as possible initiate a new Phase III clinical trial once the product from the GMP batches is available.

Contacts

GenSight Biologics
Corporate Communications Director
Clothilde Caillet
ccaillet@gensight-biologics.com

RooneyPartners
Media Relations
Jeanene Timberlake
jtimberlake@rooneypartners.com
+1 646-770-8858

LifeSci Advisors
Investor Relations
Guillaume van Renterghem
gvanrenterghem@lifesciadvisors.com
+41 (0)76 735 01 31

Orpheon Finance
Retail Investors
James Palmer
j.palmer@orpheonfinance.com
+33 (0)7 60 92 77 74

About GenSight Biologics

GenSight Biologics S.A. is a clinical-stage biopharma company focused on developing and commercializing innovative gene therapies for retinal neurodegenerative diseases and central nervous system disorders. GenSight Biologics' pipeline leverages two core technology platforms, the Mitochondrial Targeting Sequence (MTS) and optogenetics, to help preserve or restore vision in patients suffering from blinding retinal diseases. GenSight Biologics' lead product candidate, LUMEVOQ® (GS010; lenadogene nolparvovec), has been submitted for marketing approval in Europe for the treatment of Leber Hereditary Optic Neuropathy (LHON), a rare mitochondrial disease affecting primarily teens and young adults that leads to irreversible blindness. 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.