2021

HALF-YEAR FINANCIAL REPORT JUNE 30, 2021

GenSight BIOLOGICS

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CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of euros	Notes	As of December 31, 2020	As of June 30, 2021
ASSETS			
Non-current assets			
Intangible assets	4	133	123
Property, plant and equipment	5	3,154	2,809
Other non-current financial assets		315	323
Total non-current assets		**3,602**	**3,254**
Current assets			
Trade accounts receivable	6.1	52	2,181
Other current assets	6.2	5,764	7,664
Cash and cash equivalents	7	37,943	54,263
Total current assets		**43,759**	**64,108**
TOTAL ASSETS		**47,361**	**67,363**

In thousands of euros	Notes	As of December 31, 2020	As of June 30, 2021
LIABILITIES			
Shareholders' equity			
Share capital	8	1,022	1,150
Premiums related to the share capital		152,776	181,000
Reserves		(108,116)	(140,950)
of wich cumulative translation adjustment		*207*	*(86)*
Net income (loss)		(34,015)	(8,304)
Total shareholders' equity attributable to equity holders of the Company		**11,667**	**32,896**
Non-current liabilities			
Corporate bonds — non-current portion	9.1	3,715	3,189
Derivative liabilities — non-current portion		—	—
Borrowings from Banks — non-current portion	9.2	5,725	3,905
Conditional advances — non-current portion	9.3	4,679	4,806
Lease liability — non-current portion	9	2,045	1,798
Other liabilities — non-current portion	10	2,294	3,234
Non-current provisions		113	136
Total non-current liabilities		**18,571**	**17,067**
Current liabilities			
Corporate bonds — current portion	9.1	2,405	2,461
Derivative liabilities — current portion	9.1	3,845	4,389
Borrowings from Banks — current portion	9.2	—	2,089
Lease liability — current portion	9	560	588
Trade accounts payable	11	7,588	5,735
Current provisions		22	61
Other liabilities — current portion	10	2,703	2,076
Total current liabilities		**17,123**	**17,399**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**47,361**	**67,363**

CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

		For the six-month period ended June 30,	
In thousands of euros	Notes	2020	2021
Operating income			
Revenues	13	700	5,570
Other income	14	2,578	1,311
Total operating income		**3,278**	**6,881**
Operating expenses			
Research and development	15.1	11,964	8,042
General and administrative	15.2	3,985	3,272
Sales and marketing	15.3	944	2,290
Total operating expenses		**16,893**	**13,605**
Operating profit (loss)		**(13,615)**	**(6,724)**
Financial income	17	70	235
Financial expenses*	17	(1,149)	(1,814)
Financial income (loss)*		**(1,079)**	**(1,579)**
Income tax		—	—
Net income (loss)*		**(14,694)**	**(8,304)**
Basic and diluted earnings (loss) per share*	21	**(0.45)**	**(0.19)**

* The financial statements as of June 30, 2020 have been modified in accordance with the reexamination of the Financing contract with Kreos. See Note 9.1.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	For the six-month period ended June 30,	
In thousands of euros	2020	2021
Net income (loss)*	**(14,694)**	**(8,304)**
Actuarial gains and losses on employee benefits, net of income tax	23	1
Foreign currency translation differences, net of income tax	6	(86)
Total comprehensive income (loss)*	**(14,665)**	**(8,389)**

* The financial statements as of June 30, 2020 have been modified in accordance with the reexamination of the Financing contract with Kreos. See Note 9.1.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six-month period ended June 30,	
In thousands of euros	Notes	2020	2021
Cash flows from operating activities			
Net income (loss)*		(14,694)	(8,304)
Operating activities			
Amortization and depreciation	4-5	480	471
Retirement pension obligations		18	23
Expenses related to share-based payments	16.5	1,789	1,515
Other financial items*		1,069	1,656
Other non-monitary items			
Operating cash flows before change in working capital		**(11,338)**	**4,638**
Accounts receivable		844	(2,128)
Accounts payable, net of prepayments		1,626	(2,237)
Other receivables		1,637	(1,767)
Other current and non-current liabilities		496	553
Change in working capital		**4,603**	**(5,579)**
Net cash flows from operating activities		**(6,734)**	**(10,217)**
Acquisitions of property, plant and equipment	5	(2)	(10)
Acquisitions of intangible assets	4	—	—
Acquisitions/reimbursement of non-current financial assets		(50)	250
Acquisitions/reimbursement of current financial assets		—	—
Sales of property, plant and equipment		—	—
Net cash flows from investing activities		**(52)**	**240**
Cash flows from financing activities			
New borrowings obtained	9	4,625	—
Interests paid	17	(276)	(315)
Repayment of obligations under finance leases		(362)	(283)
Repayment of obligations under bond financing		—	(1,038)
Other financial liabilities		330	(74)
Treasury shares		49	(250)
Subscription of share warrants	8	12	53
Capital increases, net of transaction costs		—	28,299
Net cash flows from financing activities		**4,377**	**26,392**
Increase/(decrease) in cash and cash equivalents		**(2,410)**	**16,416**
Cash and cash equivalents at beginning of the period		19,250	37,943
Effect of changes in exchange rates on cash and cash equivalent		(9)	(96)
Cash and cash equivalents at end of period		**16,831**	**54,263**

* The financial statements as of June 30, 2020 have been modified in accordance with the reexamination of the Financing contract with Kreos. See Note 9.1.

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, 2020	**32,827,362**	**821**	**128,130**	**(87,565)**	**(30,868)**	**10,518**
Net income (loss) for the period*	—	—	—	—	(14,694)	(14,694)
Cumulative translation adjustment	—	—	—	—	—	—
Other comprehensive income	—	—	—	29	—	29
Total comprehensive income (loss)	**—**	**—**	**—**	**29**	**(14,694)**	**(14,665)**
Allocation of prior period net income (loss)	—	—	—	(30,868)	30,868	—
Allocation to reserves	—	—	—	—	—	—
Capital increase by issuance of ordinary shares	—	—	—	—	—	—
Capital increase transaction costs	—	—	—	—	—	—
Capital increases related to acquisition of free shares	—	—	—	—	—	—
Subscription of share warrants	—	—	12	—	—	12
Treasury shares	—	—	—	49	—	49
Share-based payments	—	—	—	1,789	—	1,789
Balance at June 30, 2020*	**32,827,362**	**821**	**128,142**	**(116,566)**	**(14,694)**	**(2,296)**
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	—	—	—	(85)	—	(85)
Total comprehensive income (loss)	**—**	**—**	**—**	**(85)**	**(8,304)**	**(8,389)**
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**	**(140,951)**	**(8,304)**	**32,896**

* The financial statements as of June 30, 2020 have been modified in accordance with the reexamination of the Financing contract with Kreos. See Note 9.1.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: General information about the Company

Founded in 2012, GenSight Biologics S.A. (hereinafter referred to as **"GenSight Biologics"** or the **"Company"** and together with its subsidiary as the **"Group"**) is a clinical-stage biotechnology group discovering and developing novel therapies for neurodegenerative retinal diseases and diseases of the central nervous system. GenSight Biologics' pipeline leverages two core technology platforms, the Mitochondrial Targeting Sequence (MTS) and optogenetics, to help preserve or restore vision in patients suffering from severe degenerative retinal diseases. The Group focus is in ophthalmology where it develops product candidates to restore eyesight to patients suffering from retinal diseases that would otherwise lead to blindness.

The Company has incurred losses and negative cash flows from operations since its inception and shareholders' equity amounts to €32,896 K as of June 30, 2021 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.

UPDATE ON COVID-19 SANITARY CRISIS AND ITS IMPACTS ON OPERATIONS

LUMEVOQ® Commercial Launch in Europe Still Expected in H1 2022

The **REVERSE and RESCUE Phase III trials** of LUMEVOQ® for the treatment of Leber Hereditary Optic Neuropathy (LHON) are completed, and patients have been transferred to long-term follow-up, the RESTORE study, for an additional three-year period. The sustained efficacy of LUMEVOQ® three years after injection was previously reported. Patients are now followed-up annually, and given the follow-up nature of these visits and the stability of patients with no safety concern, delaying some of these visits has been an acceptable precautionary measure, which should have no impact on the conduct of the trial, and will be properly documented and reported to regulators.

The **strategic manufacturing partner (CDMO)** for LUMEVOQ®, ThermoFischer Scientific (TFS) in Boston, USA, is maintaining its operations and is due to manufacture three validation batches to support the MAA filing with the European Medicines Agency (EMA) in Europe. TFS informed the Company that, as a consequence of the US Defense Production Act (DPA), American suppliers have had to redirect certain consumables towards the manufacture of COVID vaccines in the US. It is our understanding that this is an Industry issue impacting many manufacturers, biotech and pharmaceutical companies in particular. This has resulted in extended timelines for the availability of some items required for manufacturing LUMEVOQ®. Accordingly, the Company anticipated delays in providing data from the planned validation batches to the EMA and, after discussions with the European Agency, agreed upon an extended clock-stop period. Responses to the Agency D120 questions are therefore now due by January 2022 instead of the previously anticipated August 2021. Based on this new timeline the Company now expects EMA approval for LUMEVOQ® to shift from Q4 2021 to H1 2022. The revised timeline will be confirmed as soon as there is greater clarity from TFS on material availability. The timing for commercialization remains unchanged and the Company will continue to build the European commercial platform during 2021 to prepare the commercial launch of LUMEVOQ® in Europe, still expected in H1 2022.

LUMEVOQ® Regulatory Pathway in the US: REFLECT Phase III read-out in June 2021 BLA Submission Now Expected Q2 2022

The topline results at 78 weeks from the **REFLECT Phase III trial** of LUMEVOQ® were reported as expected in June 2021. Although some on-site visits had to be postponed due to COVID-19 travel restrictions, the Company closely partnered with clinical sites and properly documented and reported delays to regulators, as well as pre-specified them in the Statistical Analysis Plan (SAP), in agreement with biostatisticians, before database lock. Consequently, GenSight Biologics was able to collect data from 95 out of 98 patients with no consequence on the primary endpoint, other than a delay in the 78-week read out from Q1 initially to June 2021. The Company expects to meet with the U.S. Food and Drug Administration (FDA) for a preBLA meeting in Q4 2021. Due to the impact of the US DPA on the manufacturing of LUMEVOQ's validation batches, the regulatory submission target in the US is now Q2 2022.

PIONEER Phase I/II Clinical Trial of GS030 in Retinitis Pigmentosa (RP)

In order to protect patients, the Company and investigators together decided to delay recruiting new patients into the 3rd

cohort of the PIONEER Phase I/II clinical trial of GS030 until the COVID-19 situation had improved, as RP is a chronic disease and does not require urgent treatment. The use of corticosteroids pre- and post-gene therapy injection, performed as part of the protocol to minimize inflammatory response, was deemed by GenSight and investigators to expose patients to a higher risk of COVID-19 infection. In the interim, the six patients in the first two cohorts were remotely monitored for safety aspects by investigators. Consequently, recruitment took longer than originally planned.

PIONEER, combining gene therapy and optogenetics for the treatment of RP, has now fully completed recruitment of the 3rd cohort. The Data Safety Monitoring Board (DSMB) is expected to make a recommendation on the optimal dose to use in the extension cohort in the coming weeks. GenSight Biologics expects to complete the recruitment of the extension cohort by the end of 2021. In the meantime, the Company published in June 2021 a case report from the first treated patient in Nature Medicine, and expect to report more preliminary results later in the second half of the year.

LUMEVOQ® Temporary Authorization for Use, Compassionate Use and Early Access Programs

Additional patients were treated with LUMEVOQ® in France in Q1 2021 under a nominative Temporary Authorization for Use (ATU) granted by the French National Drug Safety Agency (Agence Nationale de Sécurité du Médicament or ANSM). Additional ATUs have been requested by the CHNO of the QuinzeVingts in Paris.

GenSight is committed to providing the drug, subject to available stock. For now, the Company does not foresee any shortage due to the impact of the DPA on TFS in the US and is closely monitoring the situation. Bilateral injections are priced at €700,000 per patient and are expected to generate revenues prior to regulatory approval and official reimbursement in France. In addition, the Company has submitted to the French ANSM an application for a cohort ATU to further facilitate access to LUMEVOQ® for patients in France. The application is under review and patients can benefit from nominative ATUs in the meantime.

Compassionate use in Italy was granted with some patients already treated in S1 2021. A compassionate use program in Germany is under review by competent authorities. Patients have also been treated in the United States under an Expanded Access Program granted by the FDA. For all these programs, LUMEVOQ® is provided free of charge to requesting physicians.

GenSight continues to implement measures to protect its staff against COVID-19 by putting in place telecommuting for all employees. These measures have not affected activities carried out at its Paris headquarters.

The Company is financed until at least the end of Q2 2023 and is able to face any evolution of the COVID19 situation with as much flexibility and foresight as required.

Note 2: Significant events during the period

On January 13, 2021, GenSight Biologics announced that the journal of the American Academy of Ophthalmology, *Ophthalmology*® has published results from the RESCUE pivotal Phase III clinical trial of LUMEVOQ® gene therapy in ND4 Leber Hereditary Optic Neuropathy (LHON) subjects. The paper, published in the January issue under the title, "Efficacy and safety of intravitreal gene therapy for Leber hereditary optic neuropathy treated within 6 months of disease onset", is the second peer-reviewed article based on Phase III clinical trial data to document comparable bilateral improvement in visual outcomes from a unilateral injection of a gene therapy.

On February 4, 2021, the Company announced that the journal *Communications Biology* has published results from the study of GS030- Drug Product (GS030-DP) in non-human primates (NHP). The paper, published in the January issue under the title "Optogenetic therapy: high spatiotemporal resolution and pattern discrimination compatible with vision restoration in non-human primates", is the first peer-reviewed article constituting a proof-of-concept for retinal ganglion cell (RGC) activation following optogenetic gene therapy with GS030-DP (rAAV2.7m8-ChrimsonR-tdT) in non-human primates. Specifically, the spatiotemporal activation of RGCs allowed for pattern discrimination leading to an estimated Snellen visual acuity of 20/249, superior to the level of legal blindness.

On February 15, 2021, GenSight Biologics announced that the journal *BioDrugs* has published results from REVEAL, the Phase I/IIa clinical trial that evaluated the safety of LUMEVOQ® gene therapy in subjects with ND4 Leber Hereditary Optic Neuropathy (LHON) and determined the dose subsequently used in the Phase III trials RESCUE and REVERSE. The paper, published in the February issue of BioDrugs under the title "Safety of intravitreal gene therapy for treatment of subjects with Leber Hereditary Optic Neuropathy due to mutations in the mitochondrial ND4 gene – The REVEAL study", discusses the results that were the first to demonstrate the favorable safety profile of LUMEVOQ® while also providing signals of efficacy that were more fully investigated in the Phase III trials.

On March 25, 2021, the Company announced that it has launched a capital increase to issue new ordinary shares of a nominal value of €0.025 for a total capital increase of c. €25 million, by means of an accelerated bookbuilding process through an offering to the benefit of categories of persons.

On March 26, 2021, GenSight Biologics announced the success of its previously announced capital increase. The Company has issued 4,477,612 new ordinary shares with a nominal value of €0.025 each (the "New Shares"), for total gross proceeds of approximately €30 million by means of an accelerated bookbuilding process to the benefit of categories of persons (the "Reserved Offering"). The book was largely oversubscribed, based on demand from new investors. The issue price of the New Shares is €6.70 per share, representing a 9.0% discount to the last closing share price and a 12.7% discount to the volume weighted average of the share prices on Euronext Paris for the last five trading sessions preceding the date on which the issuance price is set (ie., March 19, 22, 23, 24 and 25, 2021), in accordance with the 19th resolution of the combined annual general meeting of shareholders of the Company held on April 29, 2020.

On May 3, 2021, GenSight Biologics announced that Eye, the official journal of the Royal College of Ophthalmologists (UK), has published the final results of the REALITY Leber Hereditary Optic Neuropathy (LHON) Registry study. The paper*, published in the April 28 issue of Eye under the title "Natural History of Patients with Leber Hereditary Optic Neuropathy – Results from the REALITY study", was a retrospective study of 44 LHON patients whose data were collected from a period spanning the pre-symptomatic stage of the disease to at least more than one year after onset of vision loss (chronic stage). The investigators analyzed the natural history visual outcomes of patients with Leber Hereditary Optic Neuropathy (LHON) who carried one of the three primary mitochondrial DNA (mtDNA) mutations that cause approximately 90% of all cases. One of the main findings is that the worst outcomes were reported in patients with LHON caused by the m.11778G>A mutation in the ND4 gene, who were aged at least 15 years old at onset. Statistical modeling of the evolution of best-corrected visual acuity (BCVA) over time found no tendency for spontaneous recovery, instead depicting a severe and permanent deterioration of BCVA.

On May 17, 2021, the Company announced the appointment of Françoise de Craecker to its Board of Directors, replacing Natalie Mount. Mrs. de Craecker is joining as an independent Director.

On May 19, 2021, GenSight Biologics announced that the Company's country leads for three key European markets are in place. Laurence Rodriguez, Robert Schupp and Neil Dugdale have joined the Company as the country leads for France, Germany and the United Kingdom, respectively, marking an important milestone in local preparations to commercialize LUMEVOQ® in H1 2022.

On May 25, 2021, the Company announced that the highly-regarded journal Nature Medicine has published the first case report of partial recovery of visual function in a blind patient with late stage retinitis pigmentosa (RP). The subject is a participant in the ongoing PIONEER Phase I/II clinical trial of GenSight Biologics' GS030 optogenetic therapy. Published in the May issue under the title "Partial recovery of visual function in a blind patient after optogenetic therapy", the paper is the first peer-reviewed documentation of visual recovery after a blind patient was treated with optogenetic therapy.

The subject in the case report, who had been diagnosed with RP 40 years prior to enrollment, had such low visual acuity that prior to receiving GS030, he could only perceive light. His gene therapy injection was followed four and a half months later by training on the use of the GS030-MD device. Seven months after the start of his training, he began to report signs of visual improvement.

Visual function tests showed he acquired the ability to perceive, locate, count and touch objects when his treated eye was stimulated with the GS030-MD goggles. Without the goggles, he could not perform the tasks. While the patient performed vision-oriented tasks, recordings were taken using extracranial multi-channel electroencephalography (EEG), a non-invasive technique that provides a readout of neuronal activity across the cortex. The EEG signals suggest that the act of carrying out the visual perception tests was accompanied by neurophysiological activity in the visual cortex.

In addition, the patient also reported significant improvements in his ability to conduct day-to-day activities such as navigating in outdoor and indoor environments and detecting household objects and furniture.

On June 1, 2021, GenSight Biologics announced that the journal Frontiers in Neurology has published results of the indirect comparison of the evolution of visual outcomes in patients treated with LUMEVOQ® gene therapy with the spontaneous evolution in natural history (NH) studies of Leber hereditary optic neuropathy (LHON) patients carrying the m.11778G>A ND4 mutation (MT-ND4 patients).

The paper, published in the May issue under the title, "Intravitreal Gene Therapy vs. Natural History in Patients with Leber Hereditary Optic Neuropathy Carrying the m.11778G>A ND4 Mutation: Systematic Review and Indirect Comparison", found a statistically and clinically relevant difference in visual acuities in favor of LUMEVOQ®-treated patients versus untreated NH patients. LUMEVOQ®-treated patients' bestcorrected visual acuity (BCVA) experienced progressive and sustained improvement from Month 12 to Month 52 after vision loss, whereas NH patients showed deteriorating visual acuity over the same time period.

On June 10, 2021, the Company announced the appointment of Marion Ghibaudo as Chief Technical Officer. Mrs. Ghibaudo will lead the medical device strategy and engineering, as well as oversee the development of the next generations of goggles for

GenSight Biologics' optogenetic gene therapy GS030. She will be a member of the management team and report to the Chief Executive Officer.

On June 30, 2021, GenSight Biologics reported key efficacy and safety findings at 1.5 years (78 weeks) post-treatment in the REFLECT Phase III clinical trial for LUMEVOQ®. The results show better visual acuity improvements from bilateral intravitreal injections of the gene therapy compared to a unilateral injection.

Designed under a Special Protocol Assessment with the FDA, the REFLECT trial is a randomized, double-masked, placebo-controlled Phase III trial involving 98 subjects with vision loss due to Leber Hereditary Optic Neuropathy (LHON) caused by a mutated ND4 mitochondrial gene; enrolled ND4 subjects had vision loss up to one year from onset. The ND4 mitochondrial mutation is associated with the most severe clinical form of LHON, with poor overall visual outcomes. All subjects received an intravitreal injection (IVT) of LUMEVOQ® in their first affected eye. The second affected eye was randomized to either a second IVT of LUMEVOQ® or a placebo IVT, which was administered on the same day or the following day. 48 subjects were randomized to LUMEVOQ® bilateral treatment, and 50 to LUMEVOQ® unilateral treatment (first affected eye treated with LUMEVOQ®, second-affected eye treated with placebo).

At the primary time point of the analysis, 1.5 years after injection, mean best-corrected visual acuity (BCVA) in LUMEVOQ®-treated eyes was statistically significantly better than baseline, whereas the improvement from baseline was not statistically significant in placebo eyes.

Consistent with REVERSE and RESCUE, unilaterally treated subjects showed a contralateral effect in their placebo-treated eye. The contralateral effect reduced the difference in the outcomes among LUMEVOQ®- and placebo-treated eyes, and consequently, the trial did not meet the pre-defined primary endpoint. The difference of the change from baseline in BCVA between the second affected LUMEVOQ® and placebo-treated eyes was -0.05 LogMAR (+3 ETDRS letters equivalent; p=0.6080).

A dose effect, seen between bilaterally and unilaterally treated subjects, provides new evidence on LUMEVOQ® efficacy. In each group, the BCVAs of both eyes improved from baseline in tandem, but with a higher treatment effect for bilaterally treated subjects. The mean BCVA at 1.5 years for bilaterally and unilaterally treated subjects reached 1.35 and 1.45 LogMAR, respectively, with an absolute difference between arms of +5 letters in favor of bilaterally treated subjects.

Responder analyses show that most of the subjects responded to treatment and confirm that bilateral injections provide better efficacy. Most of the subjects had on-chart BCVAs at 1.5 year (able to read letters on a screen): 85% of bilaterally treated subjects and 72% of unilaterally treated subjects.

Comparison against nadir (worst BCVA from baseline to 1.5 year) more starkly demonstrates the efficacy of LUMEVOQ®, even for the placebo eyes that showed the contralateral effect.

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, 2021. 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, 2021 have been prepared under the responsibility of the management of GenSight Biologics, they have been approved on July 28, 2021 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 subsidiary are prepared at the same Reporting date, *i.e.* June 30, and covers the same period.

3.2 Accounting principles and Statement of compliance

International accounting standards include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), as well as the interpretations issued by the Standing Interpretations Committee (SIC), and the International Financial Reporting Interpretations Committee (IFRIC).

The IFRS as adopted by the European Union differ in certain aspects with the IFRS published by the IASB. Nevertheless, the Group ensured that the financial information for the periods presented would not have been substantially different if it had applied IFRS as published by the IASB.

The notes to the condensed consolidated financial statements at June 30, 2021 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, 2020.

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 2020 financial statements and described in note 2 to consolidated financial statements for the year ended December 31, 2020. Furthermore, the condensed consolidated financial statements were prepared in compliance with other standards and interpretations in force as of January 1, 2021, described below.

Changes in accounting policies

In the current year, the Group has applied several amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after January 1, 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 4	Postponement of application of IFRS 9 for insurance transactions to 01/01/2023
Reform regarding the interest rates benchmark (IBOR)	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Amendments to IFRS 16 (not yet adopted by the EU but effective)	COVID-19 related rent concessions over June 2021 (lessees only)

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 3	Update of the references to the conceptual framework
Amendment to IAS 16	Recognition of income generated before the commissioning of a fixed asset
Amendment to IAS 37	Loss-making contracts
Annual improvements 2018-2020	IFRS 1, IFRS9, IAS 41 and IFRS 16 modifications

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

3.3 Consolidation scope and methods

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

3.4 Going-concern

Since its incorporation, the Company has funded its activities through several equity financings, grants, conditional advances and Research Tax Credit. Since the end of 2019, the Company started to generate revenues from the sale of LUMEVOQ® (GS010), since the National Drug Safety Agency (ANSM) granted a number of named patient Temporary Authorizations for Use ("ATU nominative") for LUMEVOQ®. To date Management expects operating losses to continue for the foreseeable future. The Company continues to actively prepare for the launch of LUMEVOQ® in Europe in H1 2022 and in the United States in Q2 2022, if approved by regulatory authorities.

As of June 30, 2021, the level of consolidated Cash and Cash equivalent amounted to €54.3 million.

Further to this, the Company expects to continue to generate revenues with ATUs going forward and prior to a possible commercial launch in Europe in H1 2022.

Based on these assumptions, the Company has sufficient net working capital to meet its obligations until mid-2023.

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, 2020.

Note 4: Intangible assets

The intangible assets are broken down as follows:

In thousands of euros	As of December 31, 2020	As of June 30, 2021
Patents, licenses, trademarks	275	275
Software	18	18
Total historical cost	**293**	**293**
Accumulated amort. of patents, licenses and trademarks	145	154
Accumulated depreciation of software packages	15	16
Accumulated amortization and depreciation	**160**	**170**
Net total	**133**	**123**

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 2020 are presented in the following table:

In thousands of euros	As of December 31, 2019	Increase	Decrease	Currency translation adjustment	As of December 31, 2020
Technical equipment and installations	615	2	—	(8)	610
IFRS 16 – Right-of-use – Building	3,696	—	—	(195)	3,501
Leasehold improvement	984	—	—	(26)	959
Office and computer equipment	203	4	—	(1)	206
IFRS 16 – Right-of-use – Others	19	—	—	—	19
Furniture	507	—	—	(15)	492
Total gross property, plant and equipment	**6,025**	**6**	**—**	**(245)**	**5,786**
Accumulated depreciation of technical equipment and installations	329	91	—	(2)	417
IFRS 16 – Right-of-usee – Building	611	606	—	(53)	1,164
Accumulated depreciation of leasehold improvement	358	110	—	(7)	461
Accumulated depreciation of office and computer equipment	161	28	—	(1)	188
IFRS 16 – Right-of-use – Others	9	6	—	—	15
Accumulated depreciation of furniture	330	65	—	(8)	387
Total accumulated depreciation	**1,797**	**905**	**—**	**(71)**	**2,632**
Total net property, plant and equipment	**4,228**	**(899)**	**—**	**(174)**	**3,154**

Changes in PPE gross book values and accumulated depreciation as of June 30, 2021 are presented in the following table:

In thousands of euros	As of December 31, 2020	Increase	Decrease	Currency translation adjustment	As of June 30, 2021
Technical equipment and installations	610	—	—	3	612
IFRS 16 – Right-of-use – Building	3,501	9	—	69	3,579
Leasehold improvement	959	—	—	9	968
Office and computer equipment	206	10	—	—	203
IFRS 16 – Right-of-use – Others	19	—	—	—	19
Furniture	492	—	—	5	508
Total gross property, plant and equipment	**5,786**	**19**	**—**	**86**	**5,891**
Accumulated depreciation of technical equipment and installations	417	37	—	1	455
IFRS 16 – Right-of-usee – Building	1,164	294	—	22	1,481
Accumulated depreciation of leasehold improvement	461	54	—	3	517
Accumulated depreciation of office and computer equipment	188	9	—	—	197
IFRS 16 – Right-of-use – Others	15	2	—	—	17
Accumulated depreciation of furniture	387	25	—	3	416
Total accumulated depreciation	**2,632**	**421**	**—**	**29**	**3,082**
Total net property, plant and equipment	**3,154**	**(402)**	**—**	**57**	**2,809**

Note 6: Account receivables and other current assets

6.1 Accounts receivables and related receivables

The account receivables as of June 2021 mainly come from the sales of LUMEVOQ®.

6.2 Other current assets

The other current assets are broken down as follows:

In thousands of euros	As of December 31, 2020	As of June 30, 2021
Prepayments	243	626
Research tax credit	2,764	4,074
Other taxes receivable	448	836
Liquidity contract	642	392
Prepaid expenses	1,667	1,574
Other Trade Receivables	—	162
Total	**5,764**	**7,664**

Other taxes receivable essentially refers to VAT receivables.

As of June 30, 2021, prepaid expenses were primarily manufacturing costs, 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, 2021:

	Amounts in K€
Opening balance sheet receivable as of January 1, 2021	2,764
Other operating income	1,311
Payment received	—
Closing balance sheet receivable as of June 30, 2021	4,074

Note 7: Cash and cash equivalents

Cash and cash equivalents items are broken down as follows:

In thousands of euros	As of December 31, 2020	As of June 30, 2021
Cash	37,943	54,263
Cash equivalents	—	—
Total cash and cash equivalent as reported in the statements of financial position	**37,943**	**54,263**
Bank overdrafts	—	—
Total net cash and cash equivalents as reported in the statements of cash flows	**37,943**	**54,263**

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, 2021 amounts to €1,150,923.90 It is divided into 46,011,756 fully authorized, subscribed and paid-up ordinary shares with a nominal value of €0.025.

As of June 30, 2021, the Company held 81,000 treasury shares for an amount of €651,645.

Note 9: Financial liabilities

9.1 Bond financing

As described in the Note 11.1 of the 2020 consolidated Financial Statements, the Group has revisited the analysis of the Bond Financing agreement and its amendment. The following points emerged:

- Conversion options: the convertible bonds are financial instruments that will or may be settled in the entity's own equity instrument and is a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments (IAS32.11), and is therefore a financial liability. The convertible option is a (derivative) financial liability initially measured at fair-value and subsequently measured at fair-value through profit and loss.
- Share Warrants ("BSA"): warrants could be settled by the issuance of a variable number of ordinary shares. Therefore, it appears that with regard to IFRS 9 and IAS 32, BSAs must be considered as a derivative.

Accordingly, the group concluded that the financing obtained from Kreos should be qualified as a hybrid instrument and not a compound financial instrument. Thus, the financial statements as of December 2019 have been amended accordingly, with the impacts detailed in the Note 11.1 of the 2020 Financial Statements. Consequently, the financial statements as of June 2020 have been amended, the net result has been impacted by an additional financial expense of €616 K deriving from the change in the fair value of these two derivative instruments for €313 K and the calculation of the interest expenses on the amount which remained in debt from €303 K.

9.2 Borrowings from Banks

In 2020, 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'Etat)* (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 periods of three year; until 2024, as well as interest rates ranging from 1,01% to 2,25%.

In addition, we treat the benefit resulting from the low interest nature of the award as a subsidy and recognize this amount as other 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 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, 2020	**3,633**
Receipts	1,139
Repayments	—
Accrued interest	(93)[1]
Other	—
Balance as of December 31, 2020	**4,679**
Non-current portion	4,679
Current portion	—

In thousands of euros	
Balance as of January 1, 2021	**4,679**
Receipts	—
Repayments	—
Accrued interest	127
Other	—
Balance as of June 30, 2021	**4,806**
Non-current portion	4,806
Current portion	—

(1) The income resulted from the recalculation of the net book value of the debt following the change in the payment schedule of the repayments of the conditional advances.

9.4 Maturity dates

Maturity dates of financial liabilities as of December 31, 2020 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Conditional advances	4,679	—	1,026	3,653
Corporate bonds	6,120	2,405	3,715	—
Borrowings from Banks	5,725	—	5,725	—
Lease Liability	2,605	560	2,037	8
Total financial liabilities	**19,129**	**2,965**	**12,503**	**3,661**

Maturity dates of financial liabilities as of June 30, 2021 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Conditional advances	4,806	—	1,533	3,273
Corporate bonds	5,650	2,462	3,189	—
Borrowings from Banks	5,994	2,089	3,905	—
Lease Liability	2,385	588	1,798	—
Total financial liabilities	**18,836**	**5,139**	**10,425**	**3,273**

Note 10: Other 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 government. In France, use of pharmaceutical products not yet approved with 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 government 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 finance cost.

10.3 Maturity dates

Maturity dates of accounts payables as of June 30, 2021 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Refund Liability	2,693	—	2,693	—
Subsidy	815	274	541	—
Employee-related payable	1,741	1,741	—	—
Other taxes liabilities	24	24	—	—
Deferred revenue	35	35	—	—
Other current liabilities	2	2	—	—
Total Other liabilities	**5,310**	**2,076**	**3,234**	—

Note 11: Account 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, 2021 are as follows:

In thousands of euros	Gross amount	Less than one year	One to five years	More than five years
Trade accounts payable	5,735	5,735	—	—

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 of December 31, 2020 and June 30, 2021 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, 2020				
Financial assets				
Non-current financial assets	315	—	315	315
Current financial assets	642	642	—	642
Accounts receivable and related receivables	52	—	52	52
Cash and cash equivalents	37,943	—	37,943	37,943
Total financial assets	**38,952**	**642**	**38,310**	**38,952**
Financial liabilities				
Bond financing	6,120	—	6,120	6,120
Derivative liabilities	3,845	3,845	—	3,845
Borrowings from Banks	5,725	—	5,725	5,725
Conditional advances (non-current portion)	4,679	—	4,679	4,679
Lease liability – Buildings	2,601	—	2,601	2,601
Lease liability – Others	4	—	4	4
Accounts payable and related payables	7,588	—	7,588	7,588
Total financial liabilities	**30,562**	**3,845**	**26,717**	**30,562**

(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, 2021				
Financial assets				
Non-current financial assets	323	—	323	323
Current financial assets	392	392	—	392
Accounts receivable and related receivables	2,181	—	2,181	2,181
Cash and cash equivalents	54,263	—	54,263	54,263
Total financial assets	**57,159**	**392**	**56,767**	**57,159**
Financial liabilities				
Bond financing	5,650	—	5,650	5,650
Derivative liabilities	4,389	4,389	—	4,398
Borrowings from Banks	5,994	—	5,994	5,994
Conditional advances (non-current portion)	4,806	—	4,806	4,806
Lease liability – Buildings	2,383	—	2,383	2,383
Lease liability – Others	2	—	2	2
Accounts payable and related payables	5,735	—	5,735	5,735
Total financial liabilities	**28,960**	**4,389**	**24,570**	**28,960**

(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 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. We use the expected value method, which is the sum of probability-weighted amounts in a range of possible consideration amounts to estimate variable consideration related to our product sales.

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 with 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.

	As of June 30,	
In thousands of euros	2020	2021
Revenues	700	5,570
Total	**700**	**5,570**

Note 14: Other income

Other income is detailed in the table below:

	As of June 30,	
In thousands of euros	2020	2021
Research tax credit	2,296	1,311
Subsidies	282	—
Total	**2,578**	**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	2020	2021
Personnel expenses[1]	2,017	2,056
Sub-contracting, collaboration and consultants	9,004	5,386
Licensing and intellectual property	150	184
Offices cost	15	(68)
Travel and entertainment expenses	204	18
Depreciation and amortization expense	208	259
Other	366	207
Total R&D expenses	**11,964**	**8,042**

(1) Includes €468 K and €363 K related to share-based compensation expense as of June 30, 2020 and 2021 respectively.

15.2 General and administrative expenses

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

	As of June 30,	
In thousands of euros	2020	2021
Personnel expenses[1]	2,706	2,158
Professional Fees	604	583
Communication and travel expenses	301	174
Offices cost	(83)	11
Office furniture and small equipment	39	42
Postal and telecommunication expenses	7	8
Depreciation and amortization expense	216	37
Attendance fees	105	132
Insurance	23	24
Others	67	105
Total G&A expenses	**3,985**	**3,272**

(1) Includes €1,272 K and €1,142 K related to share-based compensation expense as of June 30, 2020 and 2021 respectively.

15.3 Sales and Marketing expenses

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

	As of June 30,	
In thousands of euros	2020	2021
Personnel expenses[1]	225	452
Professional Fees	499	1,706
Communication and travel expenses	7	10
Offices cost	62	(94)
Depreciation and amortization expense	56	136
Others	95	81
Total S&M expenses	**944**	**2,290**

(1) Includes €49 K and €10K related to share-based compensation expense as of June 30, 2020 and 2021, respectively.

15.4 Personnel expenses

The Group was employing 33 people on permanent contract as of June 30, 2021 compared with 26 as of June 30, 2020.

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

	As of June 30, 2020				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	941	745	108	1,793	1,171	765	331	2,267
Social contributions	487	613	52	1,151	390	170	87	647
Service cost (employee benefit)	109	73	15	197	116	77	19	213
Pensions – IAS 19 Service cost	13	3	2	18	15	4	4	23
Share-based payments	468	1,272	49	1,789	363	1,142	10	1,515
Total	**2,017**	**2,706**	**225**	**4,948**	**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, 2021 are presented in Note 19 of the 2020 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, 2020, the Board of Directors granted 80,000 BSA 2020 on November 2, 2020. Those BSA 2020 which may be exercised by the beneficiaries based on the following vesting schedule, were subscribed on February 15,2021.

- 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.

With the authorization of the General Meeting of Shareholders on April 29, 2020, the Board of Directors granted 40,000 BSA 2021 on February 25, 2021 and may be exercised by the beneficiary on the basis of the following vesting schedule:

- 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)

With the authorization of the General Meeting of Shareholders on April 29,2020, the Board of Directors granted 880,000 free shares (AGA 2021) to employees of the Company, of which:

- 845,000 are subject subject to (i) a one year acquisition period from the date of grant and (ii) achievement of the performance criteria described below at the latest on February 25, 2023:
  - 50% will be acquired upon the first commercial sale of the LUMEVOQ®, and
  - 50% will be acquired upon at the completion of the recruitment of the extension cohort of the Phase I/II clinical trial with GS030 in retinisis 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.
- 35,000 are not subject to performance conditions, but subject to a one-year vesting period.

16.4 Stock-Options

With the authorization of the General Meeting of Shareholders on April 12, 2018, the Board of Directors issued 20,000 SO 2018, with an exercise price of €7.51 per share on February 25, 2021.

The SO 2018 may be exercised by the beneficiary on the basis of the following vesting schedule:

- up to 1/3 of the SO 2018 on the first anniversary of the date of grant;
- 1/3 of the SO 2018 will become exercisable on the second anniversary of the date of grant and the remaining 1/3 will become exercisable on the third anniversary of the date of grant.
- at the latest within 7 years from the date of grant.

16.5 Reconciliation with P&L share-based expenses

	As of June 30, 2020				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)	58	28	—	85	17	251	—	268
Employee Warrants (BCE)	—	—	—	—	—	—	—	—
Performance Shares (AGA)	282	699	49	1,030	179	858	10	1,047
Free Share (AGA)	128	546	—	674	81	32	—	114
Stock Options (SO)	—	—	—	—	86	—	—	86
Share-based payments expense	**468**	**1,272**	**49**	**1,789**	**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	2020	2021
Foreign exchange gains	70	235
Other	—	—
Financial income	**70**	**235**
Foreign exchange losses	(80)	(158)
Accrued interests	(99)	(138)
Amortized cost (Effective Interest Method)	(574)	(911)
Net change in Derivative Financial Instrument Fair Value	(313)	(544)
Finance cost on employee benefits	—	—
Interest expenses from Leases	(81)	(63)
Other	—	—
Financial expenses	**(1,149)**	**(1,814)**
Financial income (loss)	**(1,079)**	**(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, 2021.

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 aproximately €170 million at December 31, 2020.

Note 19: Commitments and contingent liabilities

Commitments existing as of December 31, 2020 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.

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 32,827,362 and 43,809,510 in June 2020 and June 2021 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 3,232,568 potential additional ordinary shares, have been considered anti-dilutive.

	As of June 30,	
In thousands of euros	2020	2021
Net income (loss) of the reporting period	(14,694)	(8,304)
Adjusted weighted average number of outstanding shares	32,827,362	43,809,510
Basic and diluted earnings (loss) per share in euros	**(0.45)**	**(0.19)**

Note 22: Management of financial risks

The assessment of risks has not substantially changed since the Company filed its 2020 Universal Registration Document. The document is available on the company's website:

https://www.gensight-biologics.com/wp-content/uploads/2021/04/GENSIGHT_URD_2020_ANGLAIS_vDEF.pdf

Note 23: Subsequent events

On July 5, 2021, GenSight Biologics announced that the French Competent Authority, the National Agency for Medicines and Health Products Safety (*Agence Nationale de Sécurité du Médicament et des produits de santé* or ANSM), granted a Cohort Temporary Authorization for Use ("ATU de Cohorte" or ATUc) for LUMEVOQ® in the treatment of Leber Hereditary Optic Neuropathy (LHON) caused by a mutated ND4 gene.

LUMEVOQ® was first approved for early access in France in December 2019 when the ANSM authorized a Named Patient ATU ("ATU Nominative" or ATUn) for the CHNO des Quinze-Vingts Hospital in Paris. To date, 18 patients have been treated under an ATUn. Under Named Patient ATUs, physicians have to submit individual requests to the ANSM for each patient. The Cohort ATU greatly simplifies the process by which patients gain access to LUMEVOQ® prior to EU marketing authorization expected in H1 2022. French hospital-based physicians, including those practicing outside the Quinze-Vingts Hospital in Paris, will now be able to request treatment for eligible patients directly from GenSight Biologics. The ATUc also allows the Company to monitor patients more systematically and to collect data that would allow the safety and efficacy of LUMEVOQ® to be assessed for these patients. Under the ATUc, GenSight Biologics will provide LUMEVOQ® to hospitals at a price similar to that in the current ATUn.

2

ACTIVITY REPORT

Preliminary remarks

This activity report discussed hereafter the main operations of GenSight Biologics as of June 30, 2021.

The interim condensed financial statements the Company as of June 30, 2021 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.

The interim condensed financial statements the Company as of June 30, 2021 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.

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 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. We use the expected value method, which is the sum of probability-weighted amounts in a range of possible consideration amounts to estimate variable consideration related to our product sales.

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 with 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 2020 Research tax credit in the amount of €2,764 K which has not been received as of June 30,2021.

	As of June 30,	
In thousands of euros	2020	2021
Revenues	700	5,570
Research tax credit	2,296	1,311
Subsidies	282	—
Total	**3,278**	**6,881**

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.

In thousands of euros	As of June 30, 2020	2021
Personnel expenses[1]	2,017	2,056
Sub-contracting, collaboration and consultants	9,004	5,386
Licensing and intellectual property	150	184
Offices cost	15	(68)
Travel and entertainment expenses	204	18
Depreciation and amortization expense	208	259
Other	366	207
Total R&D expenses	**11,964**	**8,042**

(1) Includes €468 K and €363 K related to share-based compensation expense as of June 30, 2020 and 2021 respectively.

From the first half of 2020 to the first half of 2021, the total amount spent by the group for research and development activity strongly decreased from €11,964 K to €8,042 K, or a decrease of 32.8%. The drop has been primarily driven by:

- a €1.9 million decrease in clinical operations and medical affairs, mainly deriving from the end of the clinical development of LUMEVOQ®.
- a €0.7 million decrease in Chemistry Manufacturing and Control costs, including:
  - a €0.4 million decrease related to LUMEVOQ®, mainly in clinical manufacturing and stability studies. Our manufacturer informed the Company during H1 2021 that, as a consequence of the US Defense Production Act (DPA), American suppliers have had to redirect certain consumables towards the manufacture of COVID vaccines in the US. This has resulted in extended timelines for the availability of some items required for manufacturing LUMEVOQ®, leading to a phasing of the spending planned for H1 2021 to H2 2021.
  - a €0.3 million decrease related to GS030, mainly related to process development expenses.
- A €0.3 million in Regulatory expenses. This drop derives from the consulting costs involved by the preparation of the filling with the EMA in Q3 2020.
- a €0.2 million decrease in device engineering, related to the design and manufacturing costs of the Goggles for the PIONEER trial of GS030.
- a €0.2 million savings in travels, mainly deriving from the restrictions due to the Covid-19 pandemic situation.

2. General and Administrative

Our general and administrative expenses consist primarily of salaries and related costs for personnel and travel expenses for our employees in executive, operational, finance, legal and human resources functions, facility-related costs, as well as audit, legal, regulatory and tax-related services associated with maintaining compliance with Euronext Paris listing and AMF requirements, director and officer insurance premiums, and corporate communications and investor relations costs.

During the period presented, our general and administrative expenses decreased from €3,985 K as of June 30, 2020, to €3,272 K as of June 30, 2021.

Our general and administrative expenses are broken down as follows:

In thousands of euros	As of June 30, 2020	2021
Personnel expenses[1]	2,706	2,158
Professional Fees	604	583
Communication and travel expenses	301	174
Offices cost	(83)	11
Office furniture and small equipment	39	42
Postal and telecommunication expenses	7	8
Depreciation and amortization expense	216	37
Attendance fees	105	132
Insurance	23	24
Others	67	105
Total G&A expenses	**3,985**	**3,272**

(1) Includes €1,272 K and €1,142 K related to share-based compensation expense as of June 30, 2020 and 2021 respectively.

The decrease in our general and administrative expenses (17.9% or €0.7 million) from year to year mainly results from the decrease of €0.5 million in personnel expenses, mainly resulting from the reduction of the social contribution provision linked to performance shares.

The increase in offices costs is explained by the allocation between R&D and S&M departments in 2021 of the rents received from the sublessee of our office space in NY. In 2020, these were fully allocated to the G&A department.

3. Sales and Marketing

Sales and marketing expenses consist primarily of professional fees, communication and branding fees and personnel costs. If and when we believe that regulatory approval of the first product candidate appears likely, we anticipate an increase in payroll and related expenses as a result of our preparation for commercial operations.

	As of June 30,	
In thousands of euros	2020	2021
Personnel expenses(1)	225	452
Professional Fees	499	1,706
Communication and travel expenses	7	10
Offices cost	62	(94)
Depreciation and amortization expense	56	136
Others	95	81
Total S&M expenses	**944**	**2,290**

(1) Includes €49K and €10 K related to share-based compensation expense as of June 31, 2020 and 2021, respectively.

During the period presented, our sales and marketing expenses strongly increased from €944 K as of June 30, 2020, to €2,290 K as of June 30, 2021.

The increase primarily derives from the professional fees. The Group continues the deployment of the commercial activities for LUMEVOQ®, including the appointments of the country leads in France, the United Kingdom and Germany.

C. FINANCIAL LOSS

Our net financial loss significantly increased to €(1,579) K as of June 30, 2021 from €(1,079) K as of June 30, 2020. Our financial expenses increased from €1,149 K to €1,814 K.

This increase is directly explained by:

- the Change in derivative financial instrument fair value booked for an amount of €(544) K versus €(313) K as of June 2020. These financial expenses are non-cash expenses 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, 2021.
- In addition, the Company has booked interest expenses attached to our bond financing and our state-guaranteed loan for €(911) K based on the effective interest rate, versus €(574) K as of June 2020, which only included interests on our bond financing.

Our interest expenses corresponding to accrued interests of conditional advances amounts to €(127) K. We also booked interest expenses deriving from the application of the standard IFRS 16 for €(63) K.

Our financial income increased from €70 K in 2020 to €235 K in 2021. The financial income arose from the foreign exchange gains coming from the purchase of services denominated in U.S. dollars. We generated foreign exchange losses of €(81) K in 2020 and €(158) K in 2021, also related to the purchase of services denominated in foreign currencies, primarily in U.S. dollars.

D. NET LOSS

The net loss amounts to €(8,304) K as of June 30, 2021 from €14,694 K as of June 30, 2020. The basic and diluted loss per share (calculated with the adjusted weighted average number of outstanding shares during the period) amounted to €0.45 and €0.19 as of June 30, 2020 and 2021 respectively.

E. NON-CURRENT ASSETS

Non-current assets are composed of intangible, tangible assets and non-current financial assets. They decreased over the period from €3,602 K as of December 31, 2020 to €3,254 K as of June 30, 2021, primarily from the amortization expense of the period.

F. CURRENT ASSETS

Current assets amounted to €43,759 K as of December 31, 2020 and €64,108 K as of June 30, 2021. The increase is essentially due to the €28.1 million net proceeds from the private placement which happened in March 2021, as well as the €2.1 million increase in trade receivables, coming from the sale of LUMEVOQ® and the €2.2 million increase in Taxes receivables, coming from the 2020 Research Tax Credit amount, whose reimbursed have not been received as of the date of the present report. These increases have been partially offset by the usage of cash and cash equivalents during the first half of 2021.

G. CHANGES IN SHAREHOLDER'S EQUITY

The changes in shareholder's equity are primarily due to the capital increase operated in March 2021, whose net proceeds amounted to €28.1 million, partially offset by the loss of the half-year period. Thus, shareholder's equity amounted to €11,667 K as of December 31, 2020 and €32,896 K as of June 30, 2021.

H. ANALYSIS OF CASH FLOW

	As of June 30,	
In thousands of euros	2020	2021
Net cash flows from operating activities	(6,734)	(10,217)
Net cash flows from investment activities	(52)	240
Net cash flows from financing activities	4,377	26,392

The net cash flows from operating activities as of June 2021 amount to €(10.2) million and €(6.7) million as of June 2020. The change is explained by the increase in the net result, from €(14,694) K as of June 2021 to €(8,304) K as of June 2020, mainly deriving from the increase in revenue and the decrease in R&D expenses; offset by the change in working capital related to operating activities (from an increase of €4.6 million in June 2020 to an decrease of €5.6 million in June 2021). The significant decrease of the change in trade working capital observed during the first half of the year is mainly explained by the €2.1 million trade receivables coming from the sales of LUMEVOQ®, the €2.8 million 2020 Credit Tax Research which have not been received as of June 2021 as well as the decrease of the trade payables over the period.

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

The positive cash flows from financing activities of €26.4 million as of June 2021 are mainly due to the capital increase operated in March 2021, whose net proceeds amounted to €28.1 million.

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TRANSACTIONS BETWEEN RELATED PARTIES

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TRANSACTIONS BETWEEN RELATED PARTIES

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

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RISK FACTORS

Risk factors are similar to those presented in the section 3 of the 2020 Universal Registration Document (pages 13 to 39) and did not change significantly during the first half-year of 2021.

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

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2021 HALF-YEAR FINANCIAL INFORMATION

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75012 PARIS

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

Period from January 1 to June 30, 2021

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, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

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.

II. SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report commenting the condensed half-yearly consolidated financial statements subject to our review.

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

Paris and Bordeaux, July 28, 2021

The Statutory Auditors

BECOUZE
Fabien BROVEDANI
Partner

DELOITTE & ASSOCIÉS
Stéphane LEMANISSIER
Partner

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DECLARATION BY THE PERSON RESPONSIBLE FOR THE 2021 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 28, 2021

Bernard Gilly
Chief Executive Officer

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