2024

HALF-YEAR FINANCIAL REPORT JUNE 30, 2024

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CONDENSED HALF-YEAR CONSOLIDATED  
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  |  |  |  |
| --- | --- | --- | --- |
| In thousands of euros | Notes | As of June 30, | As of December 31, |
| 2024 | 2023 |
| ASSETS |  |  |  |
| Non-current assets |  |  |  |
| Intangible assets | 4 | 66 | 75 |
| Property, plant and equipment | 5 | 1,385 | 2,025 |
| Other non-current financial assets |  | 519 | 502 |
| Total non-current assets |  | 1,970 | 2,603 |
| Current assets |  |  |  |
| Trade accounts receivable | 6.1 | 35 | 1 |
| Other current assets | 6.2 | 6,041 | 4,394 |
| Cash and cash equivalents | 7 | 6,940 | 2,134 |
| Total current assets |  | 13,016 | 6,529 |
| TOTAL ASSETS |  | **14,986** | 9,132 |

|  |  |  |  |
| --- | --- | --- | --- |
| In thousands of euros | Notes | As of June 30, | As of December 31, |
| 2024 | 2023 |
| LIABILITIES |  |  |  |
| Shareholders’ equity |  |  |  |
| Share capital | 8 | 2,596 | 1,633 |
| Premiums related to the share capital |  | 201,399 | 190,937 |
| Reserves |  | (222,980) | (197,051) |
| of wich cumulative translation adjustment |  | (62) | 33 |
| Net income (loss) |  | (5,848) | (26,220) |
| Total shareholders’ equity attributable to equity holders of the Company |  | (24,834) | (30,702) |
| Non-current liabilities |  |  |  |
| Corporate bonds — non-current portion | 9.1 | 5 166 | 0 |
| Derivative liabilities — non-current portion | 9.1-9.2 | 367 | 559 |
| Borrowings from Banks — non-current portion | 9.2 | 5 092 | 0 |
| Conditional advances — non-current portion | 9.2 | 5 195 | 5,107 |
| Lease liability — non-current portion | 9.4 | 563 | 1,048 |
| Other liabilities — non-current portion | 10 | 5 418 | 6,572 |
| Non-current provisions | 10.4 | 1 158 | 1,258 |
| Total non-current liabilities |  | **22 959** | 14,543 |
| Current liabilities |  |  |  |
| Corporate bonds — current portion | 9.1 | 2 921 | 9,131 |
| Derivative liabilities — current portion | 9.3 | 3 780 | 0 |
| Borrowings from Banks — current portion | 9.2 | 2 867 | 7,474 |
| Conditional advances – current portion | 9.2 | 0 | 396 |
| Lease liability — current portion | 9.4 | 877 | 775 |
| Trade accounts payable | 11.1 | 4 784 | 5,634 |
| Current provisions |  | 0 | 0 |
| Other current liabilities | 11.2 | 1 633 | 1,880 |
| Total current liabilities |  | 16 861 | 25,290 |
| TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY |  | 14 986 | 9,132 |

CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

|  |  |  |  |
| --- | --- | --- | --- |
| In thousands of euros | Notes | For the six-month period ended June 30, | |
| 2024 | 2023 |
| Operating income |  |  |  |
| Revenues | 13 | 1,087 | 1,550 |
| Other income | 14 | 641 | 1,166 |
| Total operating income |  | 1,728 | 2,716 |
| Operating expenses |  |  |  |
| Research and development | 15.1 | 6 288 | 11,990 |
| Sales and marketing | 15.2 | 260 | 4,832 |
| General and administrative | 15.3 | 2 583 | 2,987 |
| Total operating expenses |  | 9 130 | 19,809 |
| Operating profit (loss) |  | (7 403) | (17,093) |
| Financial income | 17 | 2 253 | 6,581 |
| Financial expenses | 17 | (694) | (1,448) |
| Financial income (loss) |  | 1,559 | 5,133 |
| Income tax |  | (5) | (2) |
| Net income (loss) |  | (5,848) | (11,962) |
| Basic and diluted earnings (loss) per share | 21 | (0,07) | (0.26) |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

|  |  |  |  |
| --- | --- | --- | --- |
| In thousands of euros |  | For the six-month period ended June 30, | |
| 2024 | 2023 |
| Net income (loss) |  | (5,848) | (11,962) |
| Actuarial gains and losses on employee benefits, net of income tax |  | 0 | 0 |
| Foreign currency translation differences, net of income tax |  | (95) | 56 |
| Total comprehensive income (loss) |  | (5,944) | (11,906) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|  |  |  |  |
| --- | --- | --- | --- |
| In thousands of euros | Notes | For the six-month period ended June 30, | |
| 2024 | 2023 |
| Cash flows from operating activities |  |  |  |
| Net income (loss) |  | (5 848) | (11,962) |
| Operating activities |  |  |  |
| Amortization and depreciation | 4-5-10.4 | 573 | 658 |
| Retirement pension obligations |  | 0 | 10 |
| Expenses related to share-based payments | 16.5 | 418 | 166 |
| Other financial items |  | (1 709) | (5,524) |
| Operating cash flows before change in working capital |  | (6 568) | (16,651) |
| Accounts receivable |  | (33) | (40) |
| Accounts payable, net of prepayments |  | (863) | 2,123 |
| Other receivables |  | 1 459 | 387 |
| Other current and non-current liabilities |  | (1 339) | (2,027) |
| Change in working capital |  | (777) | 444 |
| Net cash flows from operating activities |  | (7 345) | (16,208) |
| Acquisitions of property, plant and equipment | 5 | (1) | (0) |
| Acquisitions of intangible assets | 4 | 0 | 0 |
| Acquisitions/reimbursement of non-current financial assets |  | 0 | 0 |
| Acquisitions/reimbursement of current financial assets |  | 13 | 153 |
| Net cash flows from investing activities |  | 12 | 153 |
| Cash flows from financing activities |  |  |  |
| New borrowings obtained | 9 | 0 | 8,000 |
| Interests expenses | 17 | (59) | (271) |
| Repayment of obligation under bond and bank financings | 9.1-9.2 | 0 | (1,129) |
| Repayment of obligation under finance leases | 9.4 | (407) | (453) |
| Treasury shares |  | (22) | 209 |
| Subscription and exercise of share warrants | 8-9.3 | 1,828 | 52 |
| Capital increases, net of transaction costs | 8 | 10,794 | 1 |
| Net cash flows from financing activities |  | 12 135 | 6,408 |
| Increase/(decrease) in cash and cash equivalents |  | 4 802 | (9,646) |
| Cash and cash equivalents at beginning of the period |  | 2 134 | 10,610 |
| Effect of changes in exchange rates on cash and cash equivalent |  | 4 | 57 |
| Cash and cash equivalents at end of period | 7 | 6 940 | 1,021 |

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, 2023 | 46,335,591 | 1,158 | 181,175 | (170,024) | (27,625) | (15,279) |
| Net income (loss) for the period | — | — | — | — | (11,962) | (11,962) |
| Cumulative translation adjustment | — | — | — | 56 | — | 56 |
| Other comprehensive income | — | — | — | 0 | — | 0 |
| Total comprehensive income (loss) | — | — | — | 56 | (11,962) | (11,906) |
| Allocation of prior period net income (loss) | — | — | — | (27,625) | 27,625 | — |
| Allocation to reserves | — | — | — | — | — | — |
| Capital increase by issuance of ordinary shares | 0 | 0 | 0 | — | — | 0 |
| Capital increase transaction costs | — | — | 0 | — | — | 0 |
| Exercise and subscription of equity instruments | 0 | — | 52 | — | — | 52 |
| Treasury shares | — | — | — | (77) | — | (77) |
| Share-based payments | — | — | — | 166 | — | 166 |
| Other impacts | — | — | — | (28) | — | (28) |
| Balance at June 30, 2023 | 46,335,591 | 1,158 | 181,263 | (197,503) | (11,962) | (27,071) |
| Balance at January 1, 2024 | 65,309,073 | 1,633 | 190,937 | (197,051) | (26,220) | (30,702) |
| Net income (loss) for the period | — | — | — | — | (5,848) | (5,848) |
| Cumulative translation adjustment | — | — | — | (95) | — | (95) |
| Other comprehensive income | — | — | — | 0 | — | 0 |
| Total comprehensive income (loss) | 0 | 0 | 0 | (95) | (5,848) | (5,944) |
| Allocation of prior period net income (loss) | — | — | — | (26,220) | 26,220 | 0 |
| Allocation to reserves | — | — | — | — | — | 0 |
| Capital increase by issuance of ordinary shares | 36,561,691 | 914 | 11,527 | — | — | 12,441 |
| Capital increase transaction costs | — | — | (1,648) | — | — | (1,648) |
| Exercise and subscription of equity instruments | 1,955,195 | 49 | 583 | — | — | 632 |
| Treasury shares | — | — | — | (22) | — | (22) |
| Share-based payments | — | — | — | 418 | — | 418 |
| Other impacts | — | — | — | (10) | — | (10) |
| Balance at June 30, 2024 | 103 825 959 | 2,596 | 201,399 | (222,970) | (5,848) | (24,835) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: General information about the Company

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

The Company has incurred losses and negative cash flows from operations since its inception and shareholders’ equity amounts to €(24,835) K as of June 30, 2024. The Group anticipates incurring additional losses until such time, if ever, that it can generate significant revenue from its product candidates in development. Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates.

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

Note 2: Significant events during the period

**On January 12, 2024**, the Company received written feedback from the US Food and Drug Administration (FDA) on the proposed design for the Phase III trial RECOVER. This protocol had been previously shared with the European Medicines Agency (EMA) and the UK Medicines and Healthcare products Agency (MHRA).

The FDA advised the Company that replacing the double sham injection control arm with a double placebo injection control arm “*would help make the study an adequate and well-controlled clinical study designed to provide the primary evidence of effectiveness to support a future marketing application*.” The agency also had “*no objection to using best corrected visual acuity (BCVA) as the primary endpoint*” and made additional recommendations for the Company to consider.

The Company plans to revise the RECOVER study design to incorporate the feedback received from the three regulatory agencies, aiming at launching a single global Phase III study that will support marketing authorization applications in the US and EU. GenSight Biologics may schedule further consultations with the FDA and other agencies to reach alignment on the final RECOVER study design.

**On January 16, 2024**, The Board of Directors of the Company has acknowledged the resignation of Mr. Bernard Gilly from his position as director. The Board of Directors also announced today its decision, after consultation of the Nomination Committee, to co-opt Mrs. Laurence Rodriguez as director for the remainder of Bernard Gilly’s term of office (expiring at the end of the annual shareholders meeting to be held in 2024 to approve the financial statements for the financial year ending December 31, 2023).

**On February 8, 2024**, the Company announced the completion of a €5 million capital increase subscribed by existing shareholders (Sofinnova Partners, Invus and UPMC Enterprises) and Heights Capital (the “**Capital Increase**“).

Gross proceeds from the transaction are €5 million gross. The net proceeds from the issuance of the New Shares will amount to approximately €4.7 million.

The Company intends to use the net proceeds from the Capital Increase to (in the following order of priority) (i) finance its general corporate needs, (ii) complete manufacturing operations and regulatory procedures in order to provide drug product both to launch the potential new RECOVER Phase III clinical trial of LUMEVOQ® and to resume the early access program in Q3 2024 and (iii) produce additional GMP batches of LUMEVOQ® at its manufacturing partner’s facility in the United States.

**On March 12, 2024**, the Company announced initial results of new meta-analyses in Leber Hereditary Optic Neuropathy (LHON), which show those treated with LUMEVOQ® (GS010; lenadogene nolparvovec) gene therapy experienced a rate of visual recovery greater than that of idebenone-treated patients and untreated (natural history) patients. The meta-analyses are the first to focus solely on patients with the m.11778G>A *ND4* mutation, which is the most common mutation and one with a poor visual prognosis.

**On March 20, 2024**, the Company reported initial efficacy and safety results at 4 years post-treatment administration in the REFLECT Phase III clinical trial with LUMEVOQ®(GS010; lenadogene nolparvovec). The results show that four years after a one-time administration of the gene therapy, the visual acuity improvement has been sustained while maintaining a favorable safety profile. Bilateral injection provides an additional effect compared to unilateral treatment, demonstrated across all analyses of visual acuity improvement and responder rates.

The findings reinforce the results observed at 3 years post-treatment administration, which were reported in March 2023.

**On May 7, 2024**, the Company announced the success of its Offering, through (i) a capital increase reserved to specialized investors and (ii) a concurrent capital increase by way of a private placement, by the issuance of new shares with warrants attached, for a total gross amount of €9,282,515.80 (excluding the future net proceeds related to the exercise of the warrants). The subscription price for one ABSA is €0.395 (the “Offering Price”). The Offering Price is the same in the two concurrent capital increases.

**On June 20, 2024**, the Company announced the renegotiation of certain financial obligations, securing its financial position and improving short-term flexibility. The Company also provided operational updates.

In connection with its two recent successful capital increases in February 2024 and May 2024, the Company initiated discussions with its creditors. As a result of these discussions, the Company and its creditors have renegotiated the terms and conditions of certain financial obligations.

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, 2024. 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, 2024 have been prepared under the responsibility of the management of GenSight Biologics, they have been adopted on September 19, 2024 by the Board of Directors.

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

The Reporting date for the condensed consolidated accounting statements is June 30 and covers a six- month period. The individual statements of the consolidated subsidiaries are prepared at the same Reporting date, i.e. June 30, and covers the same period.

3.2 Accounting principles and Statement of compliance

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

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

The notes to the condensed consolidated financial statements at June 30, 2024 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, 2023.

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](https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending)

The condensed consolidated financial statements were prepared in accordance with the accounting principles and methods used by the Group for the 2023 financial statements and described in note 2 to consolidated financial statements for the year ended December 31, 2023. Furthermore, the condensed consolidated financial statements were prepared in compliance with other standards and interpretations in force as of January 1, 2024, described below. .

Changes in accounting policies

The new standards, amendments and interpretations adopted by the European Commission andeffective from January 1, 2024 are presented below:

− Amendment to IFRS 16 “Leases: Lease Liability in a Sale and Leaseback”, published by theEU in November 2023;

− Amendment to IAS 1 “Presentation of Financial Statements: Classification of Liabilities asCurrent or Non-current and Non-current Liabilities with Covenants”, published by the EU inDecember 2023;

− Amendment to IFRS 7 “Financial Instruments: Disclosures: Supplier Finance Arrangements”,published by the EU in May 2024;

− IFRIC interpretation of March 2024 regarding the impact of greenhouse gas reductioncommitments on the recognition and estimation of provisions (IAS 37).

These amendments were not applicable to, nor did they impact the Group’s consolidated financialstatements at June 30, 2024.

3.3 Consolidation scope and methods

On April 28, 2017, the Group incorporated GenSight Biologics Inc. in the United States. On December 30, 2021, the Group incorporated a second subsidiary, GenSight Biologics France SAS, registered and located in France.

As 100% of the voting rights and ownership interests are held by the Group, both subsidiaries are fully consolidated.

3.4 Going-concern

These Interim Consolidated Financial Statements have been prepared assuming the Company will continue as a going concern. As such, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

As of June 30, 2024, the Company had €6.9 million in cash and cash equivalents compared to €2.1 million of cash and cash equivalents as of December 31, 2023.

In April 2023, following interactions with the EMA's Committee for Advanced Therapies (CAT) indicating that the data provided to date would not be sufficient to support a positive opinion on the marketing authorization application of LUMEVOQ®, the Company decided to withdraw its application before receiving the CAT's final opinion. As a result, the Company put in place certain measures to significantly reduce its operating cash burn in 2023, including a 40% reduction in headcount mainly in the commercial teams, resulting in a significant reduction equivalent to approximately 40% of the operating expenses originally planned for 2023, which mainly benefited 2024 and subsequent years until the Company is able to obtain approval from the European Medicines Agency (EMA) and launches LUMEVOQ® in Europe.

Since its etablishment, the Company has financed its activities through several capital increases and borrowings, as well as grants, conditional advances and research tax credit (CIR) receivables. Since 2019, the Agence Nationale de Sécurité du Médicament (ANSM) has granted a Temporary Authorization for Use (ATU nominative) for LUMEVOQ® and the Company began to generate revenues from the sale of LUMEVOQ® in France.

Rounds of Financing obtained in recent years include:

- In November 2022, the Company signed a credit agreement for a total of 35 million euros with the European Investment Bank (“EIB”). The credit facility is divided into three tranches of 8 million euros (“Tranche A”), 12 million euros (“Tranche B”) and 15 million euros (“Tranche C”) respectively, all subject to certain conditions. In February 2023, the Company fully met the conditions for disbursement of the 8 million euro Tranche A of the EIB financing and obtained its disbursement. The availability of tranche B is currently suspended as a result of the withdrawal of the marketing authorization application in April 2023. Discussions with the EIB on this subject are ongoing.

- In December 2022, the Company signed a 12 million euro bond issue convertible into shares with Heights Capital, subscribed at 90% of the nominal amount, i.e. 10.8 million euros. The proceeds were partly used to repay in full the balance of its financing with Kreos Capital for 4.4 million euros.

- In August 2023, the Company signed a €10 million financing, as amended on October 31, 2023 (the “Bridge Financing”), with Sofinnova Partners, Invus and UPMC Enterprises (together, the “Investors”) and the drawdown of the first tranche of the Financing in the amount of €6 million in the form of convertible bonds with a conversion price of €0.7122 (the “OCA 2023”).

- On November 21, 2023, the Company announced the success of an offering of approximately €4.7 million, consisting of the €4 million second tranche of the Bridge Financing and a capital increase with waiver of shareholders' preferential subscription rights for retail investors, via the PrimaryBid platform in France only. The Company also announced that it will issue 8,680,797 new shares following the conversion of the OCA 2023 subscribed by Sofinnova Partners, Invus and UPMC Enterprises on the settlement date of the Offer, at a conversion price of €0.7122 per OCA 2023.

- In February 2024, the Company completed a capital increase of 5 million euros fully subscribed by Sofinnova Partners, Invus, UPMC and Heights Capital.

- In May 2024, the Company announced the successful offering of over 9 million euros of shares with warrants in a reserved offering for specialized investors and a private placement.

In June 2024, Gensight announced the renegotiation of its financial obligations (see note 9 in the appendix).

On June 28, 2024, the Company resumed payment of the quarterly redemptions of the 2022 OCAs by issuing new shares in the Company. Payment of its next quarterly due date at the end of September 2024 will also be in shares.

On June 30, 2024, the Company's net cash position stood at 6.9 million euros, compared with 2.1 million euros in cash and cash equivalents on December 31, 2023.

The financial statements have been prepared on a going concern basis, based on cash flow forecasts,

These forecasts are based on the following assumptions:

- The payment in shares of the quarterly amortization of the 2022 OCAs (as indicated in note 9.1.1 to the financial statements, Heights Capital may request a cash payment in certain circumstances).

- The resumption of the Compassionate Access Program (CAP) from October 2024, subject to certain uncertainties including:

- The timing of the pharmaceutical release of the batch.

The LUMEVOQ® mixed product batch, manufactured in July 2024, must finalize quality control tests before it can be used in humans. To date, the batch has passed all safety tests, enabling the vials to be dispatched to the distribution center in France, where packaging operations have been completed. A final series of tests is currently underway. The Company is preparing for the pharmaceutical release of the batch in mid-October, rather than in September as previously announced.

- Preparations for the resumption of the AAC program in France, in conjunction with the Quinze-Vingts hospital in Paris and the Agence Nationale de Sécurité du Médicament et des Produits de Santé (ANSM), within a timetable compatible with the various stakeholders, enabling the first proceeds to be received from November 2024 onwards.

In the event of a significant delay between the resumption of compassionate access and the receipt of the first compensation payments, the company may need to implement temporary financing solutions, such as the sale of receivables, to secure its cash position during this transitional period.

However, these forecasts show that refinancing will be required in the third quarter of 2025, when the regulatory rebates for the AAC program will be due, based on a scale of progressive instalments, from 10% to 70%, of the proceeds received under these authorizations.

If timely resumption of the AAC program is not achieved, refinancing would be required before mid-November 2024.

Beyond the resumption of the compassionate access program, the Company must continue its search for other sources of financing or partnerships, and for M&A opportunities, to secure its ongoing activities, notably the launch of the new RECOVER Phase III clinical trial, and to supplement its working capital requirements.

The Company's financial statements have been prepared on a going concern basis as of June 30, 2024, conditional on the Company being able tol achieve its objectives. However, given the uncertainties mentioned above, no assurance can be given at this stage as to the Company's ability to achieve its objectives in the short or medium term, or to obtain sufficient additional funds on attractive terms. This could result in the Company having to significantly modify its operating plans, not being able to realize its assets and pay its liabilities in the normal course of business or being forced into receivership or to cease operations in whole or in part. This situation gives rise to significant uncertainty regarding the Company's ability to continue as a going concern.

3.5 Use of estimates

In the course of preparing its interim financial statements, GenSight Biologics’ management made estimates, judgments and assumptions impacting the application of accounting principles and methods as well as the carrying value of assets and liabilities and income and expense items. The main sources of uncertainty with respect to key estimates and judgments made were identical to those applied in the consolidated financial statements for the year ended December 31, 2023.

Note 4: Intangible assets

The intangible assets are broken down as follows:

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | As of December 31, |
| 2024 | 2023 |
| Patents, licenses, trademarks | 275 | 275 |
| Software | 18 | 18 |
| Total historical cost | 293 | 293 |
| Accumulated amort. Of patents, licenses and trademarks | (209) | (200) |
| Accumulated depreciation of software packages | (18) | (18) |
| Accumulated amortization and depreciation | (227) | (218) |
| Net total | 66 | 75 |

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 2023 are presented in the following table:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| In thousands of euros | As of December 31, 2022 | Increase | Decrease | Currency translation adjustment | As of December 31, 2023 |
| Technical equipment and installations | 503 | 0 | 0 | 0 | 503 |
| IFRS 16 – Right-of-use – Building | 4,295 | 783 | (1,421) | (85) | 3,572 |
| Leasehold improvement | 1,366 | 0 | 0 | (21) | 1,345 |
| Office and computer equipment | 294 | 6 | 0 | (1) | 299 |
| IFRS 16 – Right-of-use – Others | 19 | 0 | 0 | 0 | 19 |
| Furniture | 419 | 4 | 0 | 0 | 423 |
| Total gross property, plant and equipment | 6,896 | 793 | (1,421) | (107) | 6,161 |
| Accumulated depreciation of technical equipment and installations | (466) | (26) | 0 | 0 | (493) |
| IFRS 16 – Right-of-usee – Building | (2,656) | (789) | 1,421 | 59 | (1,965) |
| Accumulated depreciation of leasehold improvement | (930) | (138) | 0 | 15 | (1,053) |
| Accumulated depreciation of office and computer equipment | (222) | (29) | 0 | 1 | (250) |
| IFRS 16 – Right-of-use – Others | (19) | 0 | 0 | 0 | (19) |
| Accumulated depreciation of furniture | (334) | (21) | 0 | 0 | (356) |
| Total accumulated depreciation | (4,628) | (1,004) | 1,421 | 74 | (4,136) |
| Total net property, plant and equipment | 2,268 | (210) | (0) | (33) | 2,025 |

Changes in PPE gross book values and accumulated depreciation as of June 30, 2024 are presented in the following table:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| In thousands of euros | As of December 31, 2023 | Increase | Decrease | Currency translation adjustment | As of June 30, 2024 |
| Technical equipment and installations | 503 | 0 | 0 | 0 | 503 |
| IFRS 16 – Right-of-use – Building | 3,572 | 0 | 0 | 76 | 3 648 |
| Leasehold improvement | 1,345 | 0 | 0 | 19 | 1 364 |
| Office and computer equipment | 299 | 1 | 0 | 1 | 301 |
| IFRS 16 – Right-of-use – Others | 19 | 0 | 0 | 0 | 19 |
| Furniture | 423 | 0 | 0 | 0 | 423 |
| Total gross property, plant and equipment | 6,161 | 1 | 0 | 95 | 6 258 |
| Accumulated depreciation of technical equipment and installations | (493) | (2) | 0 | 0 | (495) |
| IFRS 16 – Right-of-usee – Building | (1,965) | (512) | 0 | (59) | (2 535) |
| Accumulated depreciation of leasehold improvement | (1,053) | (125) | 0 | (14) | (1 192) |
| Accumulated depreciation of office and computer equipment | (250) | (14) | 0 | (1) | (265) |
| IFRS 16 – Right-of-use – Others | (19) | 0 | 0 | 0 | (19) |
| Accumulated depreciation of furniture | (356) | (10) | 0 | 0 | (366) |
| Total accumulated depreciation | (4,136) | (663) | 0 | (74) | (4 873) |
| Total net property, plant and equipment | 2,025 | (662) | 0 | 22 | 1 385 |

Note 6: Account receivables and other current assets

6.1 Accounts receivables and related receivables

The account receivables as of June 2024 result from the sublease agreement for the Company’s U.S.-based subsidiary offices.

6.2 Other current assets

The other current assets are broken down as follows:

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | As of December 31, |
| 2024 | 2023 |
| Prepayments | 296 | 326 |
| Research tax credit | 600 | 1,697 |
| Other taxes receivable | 671 | 699 |
| Liquidity contract | 24 | 45 |
| Prepaid expenses | 1,051 | 1,625 |
| Other current assets | 3,400 | 3 |
| Total | 6 041 | 4,394 |

Other taxes receivable essentially refers to VAT receivables.

As of June 30, 2024, prepaid expenses and prepayments were primarily manufacturing costs related to LUMEVOQ® and GS030, rental costs and scientific collaborations expenses.

The increase in other current assets is linked to the recognition of a Day One loss related to the issuance of warrants in May 2024 ( See Note 9.3)

***Research Tax Credit***

The following table shows the changes in the Research Tax Credit during the six-month period ended June 30, 2024:

|  |  |
| --- | --- |
|  | Amounts in K€ |
| Opening balance sheet receivable as of January 1, 2024 | **1,697** |
| Other operating income | 641 |
| Payment received | (1,738) |
| Closing balance sheet receivable as of June 30, 2024 | **600** |

Note 7 : Cash and cash equivalents

Cash and cash equivalents items are broken down as follows:

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | As of December 31, |
| 2024 | 2023 |
| Cash | 6,940 | 2,134 |
| Cash equivalents | — | — |
| Total cash and cash equivalent as reported in the statements of financial position | **6,940** | 2,134 |
| Bank overdrafts | — | — |
| Total net cash and cash equivalents as reported in the statements of cash flows | **6,940** | 2,134 |

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, 2024 amounts to €2,595,648.98 It is divided into 103,825,959 fully authorized, subscribed and paid-up ordinary shares with a nominal value of €0.025.

As of June 30, 2024, the Company held 427,396 treasury shares for an amount of € 137,621.51.

On February 8, 2024, the Company announced the completion of a €5 million capital increase ( €4.7m net) by the issuance of 13,061,651 new shares, for a subscription price of €0.3828 each (including premium subscribed entirely by Sofinnova Crossover I SLP (“Sofinnova Partners”) for €2 million, Invus Public Equities LP (“Invus”) for €1.75 million, UPMC Enterprises (“UPMC”) for €1 million and CVI Investments, Inc. (“Heights Capital”) for €0.25 million.

Under the terms of the subscription agreement entered between the Company and the Investors, the Investors have undertaken to subscribe to the Capital Increase for an aggregate amount of €5 million through the issuance of new shares at a price equal to €0.3828, representing a discount of 2.77 % to the volume-weighted average price of the Company’s shares on the regulated market of Euronext in Paris during the last five trading sessions before pricing (i.e.., trading sessions from January 31, 2024 to February 6, 2024).

On May 7, 2024, the Company announced the success of its Offering through (i) a capital increase reserved to specialized investors and (ii) a concurrent capital increase by way of a private placement, by the issuance of new shares with warrants attached, for a total gross amount of €9.3m (excluding the future net proceeds related to the exercise of the warrants). The subscription price for one ABSA is €0.395 (the “Offering Price”). The Offering Price is the same in the two concurrent capital increases.

The Offering was carried out through the issuance of 23,500,040 ABSA (as defined below), in two distinct but concomitant transactions:

* a capital increase without shareholders’ preferential subscription rights reserved to a category of persons for a total of €7,8m through the issuance of new shares of a per value of €0.025 to which are attached 1 warrant for 1 new shares.
* a capital increase without preferential subscription rights by way of “Private Placement New Share” for a total of €1,5m to which are attached 1 warrant for 1 new share.

The Offering Price is €0.395 for the two concurrent capital increases and the transaction price has been split between ordinary shares for €7,5m and warrants for €1,8m.

Upon settlement of the Offering, the Warrants will be exercisable for a period of thirty months from the date of issue. The exercise of a Warrant will give the right to subscribe to one (1) Warrant Share (the “Exercise Ratio“), it being specified that this Exercise Ratio may be adjusted following any transactions carried out by the Company on its share capital or reserves, as from the issuance date of the Warrants, in order to maintain the rights of the Warrants’ holders. The exercise price of the Warrants will be equal to €0.45.

On June 28,2024, following the amendment of Heights Capital convertible Notes, the Company converted 631,560 notes into 1,930,195 new shares. This conversion was executed using the newly established price limit of €0,3272 (see Note 9.1.1 below),

Note 9: Financial liabilities

9.1 Bond financing

**9.1.1 Heights Capital convertible Notes**

On December 23, 2022, the Company signed a subscription agreement for a €12 million convertible notes financing from Heights Capital. These €12 million financing were subscribed at 90% of the nominal value i.e. 10.8 million euros, in the form of notes convertible into new shares with a 30% premium.

The Company issued the notes on December 28, 2022 at an issue price of €90,000 per note, for a period of five years, i.e. until December 28, 2027. The notes do 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

1. 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
2. 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 volumeweighted 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.

Following discussions in the third quarter of 2023 between the Company and Heights Capital, a modification to the price limit and other modification have been approved by the shareholders at the shareholders' general meeting held on January 10, 2024. The new price limit equals €0.4527 corresponding to the closing price of the shares on the regulated market of Euronext in Paris on the last trading day preceding the date falling three business days prior to the publication of the convening notice to the shareholders’ general meeting held on January 10, 2024 in the Bulletin d’Annonce Légale Obligatoire, less a 10.36% discount.

From June 2023, the 2022 OCAs were initially to be amortized quarterly in an amount of €5,263 per 2022 OCA (or €5,266 for the amortization corresponding to the final maturity date) (the “Amortization Amount“), 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 all payments in shares have to comply with the price limit) or (ii) at our option, in cash at 110% of the amount to be amortized, being specified that redemption in cash will become mandatory in the event that the price limit is crossed downwards.

The Company and Heights Capital have first decided to suspend the redemption of the 2022 OCAs until January 31, 2024. Starting from March 2024 and until the maturity date of the 2022 OCAs, Heights Capital will be entitled to trigger an additional amortization payment for each 2022 OCA between two quarterly amortization periods up to the Amortization Amount payable (i) either in new ordinary shares at an amortization price equal to the one applicable on the preceding quarterly amortization date, (ii) or in cash at 110% of the amortizable amount, it being specified that the repayment in cash will become mandatory in the event that the price limit is crossed downwards (the “Additional Amortization Right“). Heights Capital may only exercise this Additional Amortization Right up to a maximum of three times per calendar year, without being able to carry over this right to the following year. This Additional Amortization Right does not alter the maximum number of shares that may be issued, and only impacts the maturity of the 2022 OCAs. When exercising the Additional Amortization Right, Heights Capital will be subject to a global trading limitation of 15% of the average daily trading volume of the Company’s shares for the duration of an amortization period. These amendments have been approved by the shareholders at the shareholders' general meeting held on January 10, 2024.

In the context of the February 2024 capital increase, the Company and Heights Capital have further decided to suspend the amortization of the 2022 OCAs until April 30, 2024. A new amendment to the price limit may be presented to the shareholders at the next annual shareholders general meeting if the current price limit is above the market price of the shares at the time of convening such meeting, which should reflect our share price over the period comprising the last eight trading sessions at the time of convening the annual shareholders’ general meeting, subject to a maximum discount of 20%.The number of shares that may be issued under the 2022 OCAs will be between 2,746,108 (in the event of conversion of all the 2022 OCAs at the Conversion Price) and 26,507,620 (in the event of amortization of all the 2022 OCAs at the current price limit of €0.4527), subject to redemption exclusively in shares.

On May 29, 2024 the Annual General Meeting of shareholders approved the modification of the Price Limit provided for in the terms and conditions of the convertible notes. The new price limit is €0,3272.

On June 27, 2024, Gensight and the Noteholders amended and restated the Terms and conditions of the Notes. This amendment modifies the price limit as approved by the shareholders and provides for the possibility of Additional Amortisation Right of the Noteholders. These Additional Amortisation Rights enable the Noteholders, from 28 June 2024 up to the maturity date (unchanged - still December 2027), to require partial redemption of outstanding notes by making an additional instalment payment (with a notional redemption amount per Note of €5,263 – also not modified). Such Additional Instalment Payment being payable with the same characteristics as the Scheduled instalments, which are:

- by the delivery of a number of freely-tradable Shares equal to the Additional Notional Redemption Amount divided by the Instalment Share Settlement Price for the applicable Additional Instalment Date

- by the payment in cash of an amount equal to 110% of the applicable Additional Notional Redemption Amount

And a maximum of :

- one Additional Instalment Date may occur during any period from a Scheduled Instalment Date to the next Scheduled Instalment Date (whether or not any Additional Instalment Date occurred in any previous such periods)

- and three Additional Instalment Dates may occur during any calendar year (for the avoidance of doubt, whether or not any Additional Instalment Date occurred in any previous calendar year).

These Additional Instalments correspond to the payment of the first four unpaid Scheduled Instalments as well as any future instalments that may be delayed or anticipated.

On June 28,2024, following this amendment, repayment was done by Gensight. the 631,560 installment was converted into 1,930,195 new shares, using the new price limit.

The financing obtained from Heights is qualified as a hybrid instrument in the Group’s financial statements. The derivative instrument is, in accordance with IFRS 9, measured at fair value, with a change in fair value recognized in profit or loss. The amount remaining in debt is recorded at amortized cost.

In accordance with the amendment of terms of the Notes on June 27 ,2024, the Company conduct an analysis of the modification and conclude that it represents a substantial modification of the terms under IFRS 9.

As of the amendment date (June 27, 2024), the debt and derivative are derecognized, and a new instrument is registered. The difference between the carrying amount of the old debt/derivative and the fair value of the new instrument (calculated on the basis of market conditions at the derecognition date) are recognized in profit or loss for an total amount of €0.4m.

The new assumptions and results are detailed in the following tables :



Based on these new assumptions, as of June 27, 2024, the total instrument amounts to €8.85m with fair value of the derivative instrument at €0.07m and fair value of the debt component at €8.78m. The new effective interest rate of the debt component is 28 % (compared with 26% previously).

The amortization plan was also revised according to the best estimates of cash flows as of June 30, 2024, and according to the new contractual clauses applicable on this date and integrate the conversion that occurred on June 28th, 2024.

Considering those facts and circumstances, the derivative instrument amounts to €0.068 million and the remaining debt to €8.1 million (€5.2m non current and €2.9m current) as of June 30, 2024.

In the absence of any event of default as of June 30, 2024, since Gensight agreed with the Noteholders on a new debt schedule, the debt is no longer considered as potentially due in full in the next 12 months. The part of the debt which is expected to be repaid within the next 12 month is presented as a short-term financial liability and amounted to €3.5 million.

9.2 Borrowings from Banks

**Conditional advances**

In 2014, we received a grant from Bpifrance Financement of both non-refundable subsidies and conditional advances in relation to the development of our optogenetics technology platform. The program would be funded according to a specified schedule set forth in the contract, subject to completion of milestones. As the program advances, we provided Bpifrance Financement with interim progress reports and a final report when the funded project would end. Based on these reports, we were entitled to conditional advances from Bpifrance Financement. Each award of an advance was made to help fund a specific development milestone. The total intended amount of the conditional advances initially granted was €5.7 million, of which €0.7 million were received in December 2014 and €2.3 million in July 2016.

The advances were initially planned to be paid according to the following schedule, subject to completion of milestones:

• €678 K received in December 2014;

• €2,279 K received in July 2016 ;

• €494 K initially expected to be received in the first half of 2018 ;

• €853 K initially expected to be received in November 2018; and

• €986 K initially expected to be received in November 2019.

Following renegociation, the quarterly repayment schedule of the conditional advances has been updated accordingly for a total amount of €4,096K and is as follows:

• €550 K from June 30, 2026;

• €1,000 K from June 30, 2027;

• €1,500 K from June 30, 2028; and

• €1,046 K from June 30, 2029.

Following the repayment of all of the conditional advances, the Company may be required to make additional payments over a period of two years, depending on whether the Company reaches cumulative revenues, excluding taxes, of €80.0 million. These additional repayments should correspond to the difference between 140% of the conditional advance, considering an interest rate of 1.44% and the amount already reimbursed as per the repayment schedule; and should be done within 15 years following the first year of reimbursement, i.e. 2041.

The obligation to repay these amounts is based on the technical and commercial success of the funded program, as determined by the revenues forecast or revenues deriving from direct or indirect exploitation of those products and results of its optogenetics technology platform. In the event Bpifrance Financement determines that the program is not successful, Bpifrance Financement will meet with the Company to assess the impact on the repayments and the repayment schedule.

The Company has decided to include the future cash flows resulting from the additional payments in the calculation of the EIR, based on the first sales projections of its second product.

The current and non-current portions of the financial liability recognized in our financial statements associated with these conditional advances are determined based on the applicable reimbursement schedules at the end of each reporting period. The portion of the conditional advances for terms longer than one year are classified as non-current liabilities while the portion for terms of less than one year are classified as current liabilities.

Following the change in the estimation of the repayment schedule (especially additional payments regarding the situation of the Company and a delay needed to develop this program), the Company recalculated the present value of its debt. The impact on the June 2024 financial statements is a non cash financial gain of €0.3m, resulting from the extension of the repayment period. As at June 2024, the total debt amount to € 5.2 million and is recorded in non-current liabilities.

**State-guaranteed loan**

The Company obtained a €6.75 million loan from a bank syndicate formed with Crédit Industriel et Commercial (CIC), BNP Paribas and Bpifrance, in the form of a state-guaranteed loan (Prêt Garanti par l’État) (the “PGE“).

Initiated by the French Government to support companies during the Covid-19 crisis, the PGE is a bank loan with a fixed interest rate ranging from 0.25% and 1.75% for the first 12 months. After an initial interest-only term of one year, the loan can be amortized over up to five years at the option of the Company. The French Government guarantees 90% of the borrowed amount. The Group has signed in June 2021 amendments to the initial agreements, including an amortization period of three years; until mid-2024, as well as effective interest rates ranging from 1.01% to 2.25%.

In connection with the drawdown of Tranche 1 of the Bridge Financing and following discussions with its existing creditors, the Company has obtained waivers from our creditor banks (BNP Paribas, CIC and Bpifrance) on any provision which could trigger an early repayment of their loans to the Company and the deferral of principal payments due to them until January 31, 2023. In the context of the February 2024 capital increase, the same waivers have been obtained until April 30, 2024.

In the context of the renegotiation of financial obligations, the Company and its creditor banks (BNP Paribas, CIC and Bpifrance) (the "Banks"), previously agreed to suspend the payment of the principal, subject to certain conditions. The parties have now agreed to extend the maturity of the loans until December 2024 and to adopt a new payment schedule for the outstanding principal and interest, featuring 6 monthly instalments with gradual amortization (5% of outstanding principal per month over July, August and September 2024, and then 28.3% over October, November and December 2024).

A new interest rate has been fixed. As at June 2024, the remaining debt amounts to € 2.7 million and is recorded as current liabilities.

**EIB financing**

The Company entered in November 2022 into a €35 million credit facility agreement with the European Investment Bank (“EIB”), supported by the European Fund for Strategic Investment (EFSI).

The €35 million facility is divided into three tranches: €8 million for the first tranche (“Tranche A”), €12 million for the second tranche (“Tranche B”) and €15 million for the third tranche (“Tranche C”). The disbursement of each tranches, including the first disbursement of Tranche A, is subject to certain conditions.

The disbursement of Tranche A was subject to, among other things:

• the execution of a warrant agreement to be entered into with the EIB,

• issue of the warrants relating to Tranche A,

• the full repayment of the outstanding financing with Kreos,

• the successful manufacturing of one engineering batch of LUMEVOQ®,

• the decision by the Company to launch the validation batches (PPQ) manufacturing campaign, 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 concluded) or license revenues.

The disbursement of Tranche B is subject to, among other things:

• the full drawdown of Tranche A,

• the issue of the warrants relating to Tranche B,

• the successful manufacturing campaign of several PPQ batches of LUMEVOQ®, and

• the submission of responses to the Day 120 List of Questions to the European Medicines Agency (EMA) (condition satisfied in October 2022).

The disbursement of Tranche C is subject to, among other things:

• the full drawdown of Tranche B,

• the issue of the warrants relating to Tranche C,

• a cash injection of at least €20 million (in addition to the aforementioned €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 concluded) or license revenues,

• the obtaining of EMA marketing authorization for LUMEVOQ® in Europe, and

• a condition related to early access for patients.

The credit facility agreement will carry an annual fixed interest rate of 2% for all tranches and a decreasing fixed payment-in-kind (PIK) interest rate per tranche, with 5% for Tranche A, 4% for Tranche B and 3% for Tranche C, and with a maturity of five years for each tranche. Such PIK interest shall be capitalized annually, payable at maturity and added to the outstanding principal amount of the credit and therefore bear interest.

The facility may, in certain circumstances, be prepaid, in whole or in part, with a prepayment fee, either at the election of the Company or upon the demand of EIB following certain prepayment events, including a change of control or a change in senior management of the Company.

Subject to certain terms and conditions, upon the occurrence of standard events of default (i.e. including payment default, misrepresentation, cross default), EIB may demand immediate repayment by the Company of all or part of the outstanding debt and/or cancel any undisbursed tranches.

The credit facility agreement is supplemented by an agreement to be concluded to issue warrants to the benefit of the EIB, pursuant to Article L.225-138 of the French Commercial Code, in varied amounts according to the relevant tranche.

The warrants will have a term of 20 years and will become exercisable upon the occurrence of certain events (such as a change of control or a repayment regarding one or several tranches), thus avoiding dilution for existing shareholders in the near term. Each warrant will entitle EIB to one ordinary share of the Company in exchange for the exercise price (subject to anti-dilution provisions). The exercise price for each warrant will be equal to 95% of the volume weighted average of the trading price of the Company’s ordinary share over the last five trading days preceding the decision of the competent corporate body of the Company to issue such warrants. EIB shall be entitled to, as soon as the warrants become exercisable, a put option at its intrinsic value, (subject to a cap equal to the drawn amount under the facility agreement) requiring the Company to buy back all or part of the warrants then exercisable, but not yet exercised. Furthermore, the Company shall be entitled to a call option on all outstanding warrants under certain limited circumstances.

On February 6, 2023, as disbursement conditions for Tranche A were met, including in particular issuance of 1,141,096 warrants to the EIB, and the Company received the payment of €8 million under Tranche A of the unsecured credit facility executed with the EIB.

No guarantee can be given as to the satisfaction by the Company of the conditions precedent and the completion of Tranche B and Tranche C.

As condition precedent for the drawdown of the Tranche 1 of the bridge financing entered on August 2, 2023 between the Company and the Investors, the following approvals have been granted by the EIB:

• waiver on any provision which could trigger early repayment of their debt until January 31, 2024;

• agreement on the issuance of the OCAs and their ranking, and the execution by the Investors of an accession undertaking to the subordination agreement signed by the Company, the EIB and Heights Capital on December 22, 2022;

• waiver of any adjustment right it has under the warrant agreement in the context of the bridge financing signed by the Company and the EIB on December 22, 2022.

In the context of the February 2024 capital increase, the same waivers have been obtained until April 30, 2024.

On June 17, 2024 a renegotiation of its financial obligations was made between the Company and its main creditors.

The commitments made under this renegotiation have no impact on the financial flows of the EIB contract. Therefore, this agreement has no accounting impact on the group's IFRS consolidated financial statements as of June 30, 2024.

The two financial instruments issued with respect to the drawdown of the €8 million Tranche A (loans and warrants) on the date of issue are economically and intrinsically linked according to the IFRS 9 criteria, thus the transaction is analyzed as a single hybrid instrument on issue in which there is a host contract representing a debt component (the loans) and a derivative (the warrants).

The loan has been initially recognized at fair value, i.e., the issue proceeds (fair value of the consideration received) net of transaction costs incurred and the fair value at inception date of the derivative instruments of the debt concerned. Loans are subsequently measured at amortized cost, calculated using the effective interest rate method. Any difference between initial fair value and repayment value is recognized in the statement of income (loss) over the life of the loan using the effective interest rate method.

The effective interest rate is the discount rate at which the present value of all future cash flows (including transaction costs) over the expected life of the loan, or where appropriate, over a shorter period of time, is equal to the loan’s initial carrying amount.

The fair value of the warrants has been estimated based on a Black & Scholes approach, including the put option and the attached cap.

The assumptions and results are detailed in the following tables:

|  |  |
| --- | --- |
|  | **30/06/2024** |
| Number of instruments | 1,141,096 |
| Spot | 0.32 |
| Strike | 3.45 |
| Volatility | 80% |
| Risk free rate | 3.5% |
| Valuation date | 30/06/2024 |
| Expiration | 22/12/2042 |
| Term (years) | 18.5 |
| Maturity (years) | 18.5 |
| Dividends | 0% |
| **Unit fair value (€)** | **0.26** |

The derivative instrument amounts to €0.3 million and the remaining debt to €5.3 million( €0.2m current and & €5.1m non current) as of June 30, 2024.

In the absence of any event of default as of June 30, 2024, the debt is no longer considered as potentially due in full in the next 12 months. The part of the debt which is expected to be repaid within the next 12 month is presented as a short-term financial liability and amounted to €0.2 million in relation with interest to be paid in Q1 2025.

9.3 May, 2024 Offering warrant

On May 7, 2024, the Company announced the success of its Offering, through (i) a capital increase reserved to specialized investors and (ii) a concurrent capital increase by way of a private placement, by the issuance of new shares with warrants attached, for a total gross amount of €9,282,515.80 (excluding the future net proceeds related to the exercise of the warrants). The subscription price for one ABSA is €0.395 (the “Offering Price”). The Offering Price is the same in the two concurrent capital increases.

The Company issued an aggregate of 23,500,040 units (the “ABSAs”) each consisting of :

(i) one ordinary share of the Company, nominal value 0.025 per share, and

(ii) a warrant to purchase one ordinary share at the Exercise Price per Warrant Share.

The maturity of the warrants are 30 months (ie until November 9, 2026).

Warrants may be exercised by the Holder, in whole or in part, for cash, at any time and from time to time during the period commencing on the Issue Date and ending on November 9, 2026.

The exercise ratio is defined, basically, as one (1) Warrant exercisable for to one (1) Warrant Share with an exercise price set as € 0,45.

The Company conducted a study to determine the appropriate accounting treatment for the warrants issued in May 2024. Based on the results of this analysis, as the Terms and Condition provides for a situation in which instruments will be settled in cash: the warrants cannot be classified as equity and must be recognized as a financial liability measured at fair value on the date of issuance. Subsequently, they are required to be re-measured at fair value through profit or loss in accordance with IFRS 9.

From a presentation standpoint, as the warrants can be exercised at any time, the debt is considered as potentially due in the next 12 months and therefore shall be presented as a short-term financial liability.

On May 7, 2024, the Company issued “ABSA” units (1 ordinary share + 1 warrant) at a unit price of €0.395, raising a total of €9,282,516 (see Note 8). The initial valuation of the warrants amounted to €1.8 million and could be considered as the transaction price. However, as of May 2024, the aggregated fair value of the warrants was reassessed at €5,210,233 due using a volatility consistent with the other accounting valuation for financial instruments. This difference with the transaction price is due to the exceptional circumstances affecting the Company, such as its working capital requirement needs and its significant uncertainties regarding the Company's ability to continue as a going concern. It resulted in a “Day-1 loss,” which, as the valuation was based on unobservable inputs (level 3), will be deferred and recognized through a Current financial asset. This asset will be amortized over the life of the warrants, with periodic monitoring of warrant conversions.

As of June 30,2024, the Company recognize a Current Financial Asset for €3.2m and a current financial liability (derivative) for €3.8m.

9.4 Financial liability, and other contractual obligations

Financial liability, and other contractual obligations as of December 31, 2023 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of Euros | Gross amount | Less than one year | One to five years | More than five years |
| Conditional advances | 5,504 | 396 | 4,277 | 831 |
| Corporate bonds | 9,131 | 9,131 | — | — |
| Borrowings from Banks | 7,474 | 7,474 | — | — |
| Lease Liability | 1,823 | 1,823 | 1,048 | — |
| Total financial liabilities | 23,932 | 17,771 | 5,324 | 831 |

Maturity dates of financial liabilities as of June 30, 2024 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of euros | Gross amount | Less than one year | One to five years | More than five years |
| Conditional advances | 5 195 | — | 2 767 | 2 428 |
| Corporate bonds | 8 086 | 2 921 | 5 166 | — |
| Borrowings from Banks | 7 959 | 2 867 | 5 092 | — |
| Lease Liability | 1 440 | 877 | 563 | — |
| Total financial liabilities | 22 680 | 6 664 | 13 588 | 2 428 |

9.5 Contractual obligations and commitments.

The following tables detail the group’s remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

The tables has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Perpetual notes issued by the group do not contain financial covenants, however the group is required to provide notification to the note holders following a change of control. Change of control may, at the discretion of the note holders, trigger the establishment of additional guarantees or the early repayment of outstanding amounts.

Other borrowings issued by the group do not contain any covenants.

The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date. The amounts included in the following table for financial guarantee contracts are the maximum amount the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. The contractual maturity is based on the earliest date on which the Company may be required to pay.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of euros | Gross amount | Less than one year | One to five years | More than five years |
| Conditional advances | 6 817 | — | 3 399 | 3 419 |
| Corporate bonds | 12 505 | 3 474 | 9 032 | — |
| Borrowings from Banks | 11 332 | 2 867 | 8 465 | — |
| Lease Liability | 1 440 | 877 | 563 | — |
| Total financial liabilities | 32 094 | 7 217 | 21 459 | 3 419 |

Note 10 : Other non-current liabilities

10.1 Refund liability

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

10.2 Subsidy

In December 2023, 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.

Following the renegotiation process, we reassessed our state-guaranteed loans and established a new payment schedule for the outstanding principal and interest until the end of the year. As a result, the economic benefit from the state-guaranteed loan, which was previously recorded as a subsidy, has been reversed in the accounts, leaving only the loans outstanding.

10.3 Maturity dates

Maturity dates of accounts payables as of December 31, 2023 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of euros | Gross amount | Less than one year | One to five years | More than five years |
| Refund Liability and other potential rebates obligations | 6,572 | — | 6,572 | 0 |
| Subsidy | 67 | 67 | — | 0 |
| Other | — | — | — | — |
| Total Other liabilities | 6,639 | 67 | 6,572 | **0** |

Maturity dates of accounts payables as of June 30, 2024 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of euros | Gross amount | Less than one year | One to five years | More than five years |
| Refund Liability and other potential rebates obligations | 5,418 | — | — | 5,418 |
| Subsidy | — | — | — | — |
| Other | — | — | — | — |
| Total Other liabilities | 5,418 | 0 | — | **5,418** |

10.4 Non-current provisions

Non-current provisions are exclusively composed of employee benefits relating to a compensation payable to French employees upon their retirement – Indemnités de Fin de Carrière (“IFC”) for €39k and non-current provision for contingencies and losses for €1.1 million.

Note 11: Account payables and other current liabilities

11.1 Account payables and related payables

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

Maturity dates of accounts payables as of June 30, 2024 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of euros | Gross amount | Less than one year | One to five years | More than five years |
| Trade accounts payable | 4,784 | 4,784 | — | — |

11.2 Other current liabilities

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

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | As of December 31, |
| 2024 | 2023 |
| Employee-related payable | 1,607 | 1,789 |
| Other taxes liabilities | 20 | 25 |
| Subsidy | — | 67 |
| Deferred revenue | 1 | — |
| Other current liabilities | 5 | — |
| Total | 1,633 | 1,880 |

Note 12: Financial instruments recognized in the consolidated statements of financial position and related effect on the consolidated statement of income (loss)

The nature of the financial instruments as at December 31, 2023 and June 30, 2024 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, 2023 |  |  |  |  |
| Financial assets |  |  |  |  |
| Non-current financial assets | 502 | — | 502 | 502 |
| Current financial assets | 45 | 45 | — | 45 |
| Accounts receivable and related receivables | — | — | — | — |
| Cash and cash equivalents | 2,134 | — | 2,134 | 2,134 |
| Other current assets | 4,349 | — | 4,349 | 4,349 |
| Total financial assets | 7,030 | 45 | 6,985 | 7,030 |
| Financial liabilities |  |  |  |  |
| Bond financing | 9,131 | — | 9,131 | 9,131 |
| Derivative liabilities | 559 | 559 | — | 559 |
| Borrowings from Banks | 7,474 | — | 7,474 | 7,474 |
| Conditional advances (non-current portion) | 5,504 | — | 5,504 | 5,504 |
| Refund liability | 6,572 | — | 6,572 | 6,572 |
| Lease liability – Buildings | 1,823 | — | 1,823 | 1,823 |
| Other non-current liabilities | 0 | — | 0 | 0 |
| Accounts payable and related payables | 5,634 | — | 5,634 | 5,634 |
| Other current liabilities | 1 ,880 | — | 1 ,880 | 1 ,880 |
| Provisions | 1 ,258 | — | 1 ,258 | 1 ,258 |
| Total financial liabilities | 39,834 | 559 | 39,275 | 39,834 |

(1) The fair value of financial assets / liabilities classified as fair value through profit and loss is mainly based on level 3 model of fair value

(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, 2024 |  |  |  |  |
| Financial assets |  |  |  |  |
| Non-current financial assets | 519 | — | 519 | 519 |
| Current financial assets | 3,181 | 3,181 | — | 3,181 |
| Accounts receivable and related receivables | 35 | — | 35 | 35 |
| Cash and cash equivalents | 6,940 | — | 6,940 | 6,940 |
| Other current assets | 2,861 | — | 2,861 | 2,861 |
| Total financial assets | 10,674 | 3,181 | 7,494 | 10,674 |
| Financial liabilities |  |  |  |  |
| Bond financing | 8,086 | — | 8,086 | 8,086 |
| Derivative liabilities | 4,147 | 4,147 | — | 4,147 |
| Borrowings from Banks | 7,959 | — | 7,959 | 7,959 |
| Conditional advances (non-current portion) | 5,195 | — | 5,195 | 5,195 |
| Lease liability – Liability | 1,440 | — | 1,440 | 1,440 |
| Accounts payable and related payables | 4,784 | — | 4,784 | 4,784 |
| Other current liabilities | 1,633 | — | 1,633 | 1,633 |
| Total financial liabilities | 33,245 | 4 147 | 29,097 | 33,245 |

(1) The fair value of financial assets / liabilities classified as fair value through profit and loss is mainly based on level 3 model of fair value

(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. Total income solely comes from those named patient ATU. The Company will be paid a preliminary price by the hospitals, ultimately fully covered by the health insurance. 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.

Estimated rebates are considered to be variable consideration and include significant estimates.

• Management determined that the agreement with the CHNO of the Quinze Vingts includes a variable amount. At contract inception, the variable consideration is estimated based on the expected value amount of consideration expected from the transaction and constrained to the extent it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with respect the variable consideration is subsequently resolved.

• The methodology and assumptions used to estimate rebates are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

• Net revenue is recorded, net of variable consideration related to certain allowances and accruals, at the time the customer obtains control of the product. .ie. after acceptance of the delivery by the customer.

During the period ended June 30, 2024, the revenue recognized relates solely to the change in valuation of the refund liability and the potential rebate obligations arising from the current regulatory framework for ATUs, following the Company’s decision to withdraw its EMA application in April 2023. The adjustment to the discounting results from rescheduling the date of the final reimbursement negotiation. This update was implemented as of June 30, 2024.

The increase in revenue reflects the accretion of the discounted liability over time, as the present value of the future payment increased due to the passage of time (compound interest effect).

No other transactions or changes related to variable consideration or revenue recognition occurred during this reporting period.

Note 14: Other income

Other income is detailed in the table below:

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Research tax credit | 641 | 1,166 |
| Subsidies | — | — |
| Total | 641 | 1,166 |

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:

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Personnel expenses(1) | 1,671 | 2,462 |
| Sub-contracting, collaboration and consultants | 3 726 | 8,928 |
| Licensing and intellectual property | 113 | 82 |
| Travel and entertainment expenses | 69 | 114 |
| Depreciation and amortization expense | 602 | 369 |
| Other | 105 | 35 |
| Total R&D expenses | 6 288 | 11,990 |

(1) Includes €(345) K and €20 K related to share-based compensation expense (income) as of June 30, 2024 and 2023 respectively.

15.2 Sales and Marketing expenses

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

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Personnel expenses(1) | 250 | 2,802 |
| Professional Fees | (20) | 1,449 |
| Communication and travel expenses | 2 | 42 |
| Depreciation and amortization expense | 20 | 70 |
| Others | 7 | 470 |
| Total S&M expenses | 260 | 4,832 |

(1) Includes €(11) K and €572 K related to share-based compensation expense as of June 30, 2024 and 2023, respectively.

15.3 General and administrative expenses

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

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Personnel expenses(1) | 833 | 1,280 |
| Professional Fees | 1,440 | 820 |
| Communication and travel expenses | 17 | 612 |
| Depreciation and amortization expense | 93 | 56 |
| Attendance fees | 117 | 128 |
| Others | 83 | 91 |
| Total G&A expenses | 2,583 | 2,987 |

(1) Includes €(61) K and €386 K related to share-based compensation expense (income) as of June 30, 2024 and 2023 respectively.

15.4 Personnel expenses

The Group was employing 11 people on permanent contract as of June 30, 2024 compared with 23 as of June 30, 2023.

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| In thousands of euros | As of June 30, 2024 | | | | As of June 30, 2023 | | | |
| R&D | G&A | S&M | TOTAL | R&D | G&A | S&M | TOTAL |
| Wages and salaries | 966 | 502 | 176 | 1,644 | 1,740 | 1,338 | 1,479 | 4,557 |
| Social contributions | 268 | 215 | 47 | 529 | 579 | 288 | 600 | 1,468 |
| Service cost (employee benefit) | 93 | 55 | 17 | 164 | 163 | 41 | 159 | 363 |
| Share-based payments | 345 | 61 | 11 | 417 | (20) | (386) | 572 | 166 |
| Total | 1,671 | 833 | 250 | 2,755 | 2,462 | 1,280 | 2,802 | 6,544 |

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, 2024 are presented in Note 19 of the 2023 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)

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

16.3 Free shares (AGA)

New allocations

With the authorization of the General Meeting of Shareholders on June 21, 2023, the Board of Directors granted 770,000 free shares (AGA 2024-1 and AGA 2024-2) on March 21, 2024, to employees of the Company, of which:

* 520,000 are subject to (i) a two-years acquisition period from the date of grant and (ii) achievement of the performance criteria described below :
* 50% will be acquired upon the satisfaction of the following condition: Company's ability to continue as a going concern over 2024, and
* 50% will be acquired upon the satisfaction of the following condition: level of cash enabling the Company to be financed for a period of more than six months at the close of the 2025 financial year;
* 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.
* 250,000 are not subject to performance conditions, but subject to a two-years vesting period.

Changes in the balances of AGA

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| In thousands of euros | AGA 2022 | AGA 2023 | AGA 2024 | TOTAL |
| Balance outstanding at January 1, 2024 | 1,012,500 | 1 212 500 | — | 2,225,000 |
| Granted during the period | — | — | 770,000 | 770,000 |
| Vested during the period | 25,000 | — | — | 25,000 |
| Forfeited during the period | -10,000 | -40,000 | -30,000 | -80,000 |
| Balance outstanding at June 30, 2024 | 977 500 | 1,172,500 | 740,000 | 2,890,000 |

16.4 Stock-Options

With the authorization of the General Meeting of Shareholders on June 21, 2023, the Board of Directors issued 300,000 SO 2024-1, with an exercise price of €0,40535 per share on May 14, 2024.

The SO 2024-1 may be exercised by the beneficiary on the basis of the following vesting schedule:

* up to ¼ 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.

16.5 Reconciliation with P&L share-based expenses

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| In thousands of euros | As of June 30, 2024 | | | | As of June 30, 2023 | | | |
| R&D | G&A | S&M | TOTAL | R&D | G&A | S&M | TOTAL |
| Non-Employee Warrants (BSA) | 22 | 35 | — | 57 | 46 | 115 | — | 160 |
| Performance Shares (AGA) | 2 | 39 | — | 41 | (229) | (664) | (341) | (1,234) |
| Free Share (AGA) | 148 | (13) | 12 | 146 | 165 | 27 | 913 | 1,106 |
| Stock Options (SO) | 173 | — | — | 173 | (2) | 137 | — | 135 |
| Share-based payments expense | 345 | 61 | 11 | 417 | (20) | (386) | 572 | 166 |

Note 17 : Financial income and expenses

The financial income and expenses are broken down as follows:

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Foreign exchange gains | 313 | 0 |
| Net change in Derivative Financial Instrument Fair Value | 1 632 | 6,464 |
| Other | 309 | 117 |
| Financial income | 2 253 | 6,581 |
| Foreign exchange losses | (228) | (105) |
| Interest expenses from borrowings and amortized costs(1) | (154) | (1,306) |
| Interest expenses from Lease | (39) | (37) |
| Other financial expenses | (273) | 0 |
| Financial expenses | (694) | (1,448) |
| Financial income (loss) | 1 559 | 5,133 |

(1)*financial expenses were partially offset by income from the Heights renegotiation amounting to €413K ( see note 9.1.1)*

Financial income is composed of non-cash income, primarily the change in the fair value of the May 2024 offering warrant for €1.4m. Derivative Financial Instruments are measured at fair-value through profit.The fair value is calculated based on financial mathematic models as of June 30, 2024 (level 3 of fair value).

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

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

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

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

Note 18: Income tax

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

Taking into account the tax regulations, the Company had tax losses to be carried forward with no time limit for a total amount of approximately €267 million at December 31, 2023.

Since the second quarter of this year, the company has been undergoing a tax audit covering the last three years. While we do not currently anticipate any significant adjustments, the outcome of the audit remains uncertain until its conclusion.

Note 19: Commitments and contingent liabilities

Commitments existing as of December 31, 2023 have not changed significantly at the end of the reporting period.

Note 20: Relationships with related parties

On January 9, 2024, Bernard Gilly informed the board of his decision to resign from his position as a board member of the Company.

The Board of Directors held on February 23, 2024 recorded the individual decision of each of independent directors and of Chairman of the Board taken in December 2023 to waive part of their compensation corresponding to the last quarter 2023. The Board of Directors held on April 5, 2024 recorded the decision of suspension of the payment of the compensation of the Directors and of the Chairman for the first semester 2024.

The Board of Directors held on February 23, 2024 has recorded the individual decision of each of our independent directors to waive part of their compensation as Directors as from January 1, 2024 until June 30, 2024.

Note 21 : Earnings per share

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 63,991,672 potential additional ordinary shares, have been considered anti-dilutive.

|  |  |  |
| --- | --- | --- |
| In thousands of Euros, except for earning (loss) per share | As of June 30, | |
| 2024 | 2023 |
| Net income (loss) of the reporting period | (5 848) | (11,962) |
| Adjusted weighted average number of outstanding shares | 82,749,487 | 46,073,491 |
| Basic and diluted earnings (loss) per share in euros | (0,07) | (0.26) |

Note 22 : Management of financial risks

The assessment of risks has not substantially changed since the Company filed its 2023 Universal Registration Document. The document is available on the company’s website:

<https://www.gensight-biologics.com/wp-content/uploads/2024/04/GENSIGHT_URD_2023_2024-04-17_VDEF.pdf>

Note 23: Subsequent events

On July 23, 2024, the Company announced that the manufacture of LUMEVOQ® drug product, which required an additional blending step to optimize the number of vials available for the early access program, was successfully performed in July as scheduled. Vials from the batch are now being tested for conformity to the required quality control standards. After accounting for testing requirements, over 100 vials could be available for patients.

The costs associated with the production process are aimed at refining and proving the feasibility of the manufacturing process, rather than producing goods for sale. As the company is still in the R&D phase, the production costs of these batches were recorded as R&D expenses, since they relate to the development of processes and technologies.

On August 30, 2024, the Company resumed additional payment of the 2022 OCAs by issuing new shares in the Company. Payment of its next quarterly due date at the end of September 2024 will also be in shares.



ACTIVITY REPORT

Preliminary remarks

This activity report discussed hereafter the main operations of GenSight Biologics as of June 30, 2024.

The interim condensed financial statements the Company as of June 30, 2024 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.

1. OPERATING INCOME

Operating income decreased by 36.4% to €1.7 million from €2.7 million over the period. Revenues recognized in 2023 and 2024 only relates to the change in valuation of the refund liability and the potential rebate obligations resulting from the current regulatory framework for ATUs, following the Company’s decision to withdraw its EMA application in April 2023. The discounting update comes from rescheduling the date of the final reimbursement negotiation. This update was implemented as of June 30, 2024.

Income

The Company started the sale of LUMEVOQ® through the named patient Temporary Authorization for Use (“ATU nominative”) granted by the National Drug Safety Agency (Agence Nationale de Sécurité du Médicament or ANSM) to the CHNO of the Quinze-Vingts. Total income solely comes from those named patient ATU. The Company will be paid a preliminary price by the hospitals, ultimately fully covered by the health insurance. 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.

Estimated rebates are considered to be variable consideration and include significant estimates.

• Management determined that the agreement with the CHNO of the Quinze Vingts includes a variable amount. At contract inception, the variable consideration is estimated based on the expected value amount of consideration expected from the transaction and constrained to the extent it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with respect the variable consideration is subsequently resolved.

• The methodology and assumptions used to estimate rebates are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

• Net revenue is recorded, net of variable consideration related to certain allowances and accruals, at the time the customer obtains control of the product. .ie. after acceptance of the delivery by the customer.

In June 2024, the assumptions used to estimate rebates have been revised, in particular the maturity of the debt. As of June 30, 2023 and 2024, the revenue recognized only relates to the change in the valuation of the refund liability and the potential rebates obligations resulting from the regulatory framework of the Temporary Authorization for Use (ATU).

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 2023 Research tax credit in the amount of €1,697 K which has been received in April 2024.

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Research tax credit | 641 | 1,166 |
| Subsidies | 0 | 0 |
| Total | 641 | 1,166 |

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, | |
| 2024 | 2023 |
| Personnel expenses | 1,671 | 2,462 |
| *o/w share-based payment expense (income)* | *345* | *(20)* |
| Sub-contracting, collaboration and consultants | 3,726 | 8,928 |
| Licensing and intellectual property | 113 | 82 |
| Travel and entertainment expenses | 69 | 114 |
| Depreciation and amortization expense | 602 | 369 |
| Other | 105 | 35 |
| Total R&D expenses | 6,288 | 11,990 |

Our research and development expenses decreased by 47.6%, or €5.7 million, and amounted to €6.3 million in the first half of 2024 compared to €12.0 million a year earlier. This decrease was essentially driven by a sharp reduction in R&D spending on the GS030 program in order to focus on the LUMEVOQ® project and lower expenses in Chemistry, Manufacturing and Controls (CMC) activities following the release of two batches of LUMEVOQ® Drug Substance in September and November 2023.

2. Sales and Marketing

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Personnel expenses | 250 | 2,802 |
| *o/w share-based payment expense* | 12 | 572 |
| Professional Fees | (20) | 1,449 |
| Communication and travel expenses | 2 | 42 |
| Depreciation and amortization expense | 20 | 70 |
| Others | 7 | 470 |
| Total S&M expenses | 260 | 4,832 |

In June 2023, Sales and marketing expenses primarily include payroll for the commercial and marketing workforce in France and in the European Union, as well as fees related to pre-commercialization activities.

The decrease by 94.6%, or €4.6 million, to €0.3 million in the first half of 2024 compared to €4.8 million over the same period in 2023, reflect the Company's withdrawal of its marketing authorization application with the EMA for LUMEVOQ® and the concomitant decision to terminate activities related to preparing for a commercial launch in Europe.

3. General and Administrative

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

Our general and administrative expenses are broken down as follows:

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Personnel expenses | 833 | 1,280 |
| *o/w share-based payment expense (income)* | *61* | *(386)* |
| Professional Fees | 1 440 | 820 |
| Communication and travel expenses | 17 | 612 |
| Depreciation and amortization expense | 93 | 56 |
| Attendance fees | 117 | 128 |
| Others | 83 | 91 |
| Total G&A expenses | 2,583 | 2,987 |

Our general and administrative expenses by 13.5% to €2.6 million in the first half of 2024 compared to €3.0 million over the same period in 2023. This decrease is mainly driven by the decrease of share-based income, resulting from the cancellations of performance share plans whose conditions were unlikely to be met following the EMA application withdrawal. Excluding this non-recurring and non-cash IFRS2 item, general and administrative expenses decreased by €0.9 million over the period.

4. Operating Loss

Our operating loss decreased by 56.7%, or €7.4 million, in the first half of 2024, amounting to €(7.4) million compared to €(17.1) million over the same period in 2023.This decrease reflects trends in Operating income, R&D expenses, Sales, medical and marketing expenses and G&A expenses as discussed above.

C. FINANCIAL INCOME (LOSS)

Our financial income in the first half of 2024 amounted to €1.6 million compared to €5.1 million over the same period in 2023. In 2023, the fair value of derivative financial instrument had declined sharply in connection with the evolution of the market price. En 2024, the financial income is essentially explained by the context of the renegotiation of our financial obligations and the change in derivative financial instrument fair value.

D. NET LOSS

Our Net loss for the first half of 2024 decreased to €(5.8) million compared to €(12.0) million in the first half of 2023. The loss per share (based on the weighted average number of shares outstanding over the period) amounted to €(0.07) and €(0.26) for the first halves of 2024 and 2023, 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 €2.6 million as of December 31, 2023 to €2.0 million as of June 30, 2024 primarily due to the renegotiation of our sublease contract for the U.S. premises, as well as a revision of the depreciation plan for these same locations. These adjustments have led to a more accurate reflection of the assets' useful life and a reduction in long-term liabilities.

F. CURRENT ASSETS

Current assets amounted to €6.5 million as of December 31, 2023 and €13.0 million as of June 30, 2024. The increase during the first half of 2024 is essentially due to the increase in cash and cash equivalents and the recognition of a Day One loss related to the issuance of warrants in May 2024.

G. CHANGES IN SHAREHOLDER’S EQUITY

As of June 30, 2024, the company's share capital amounts to €2,595,648.98, divided into 103,825,959 ordinary shares with a nominal value of €0.025 each. The increase of the shareholder equity is detailed below :

On February 8, 2024, the company completed a €5 million capital increase through the issuance of 13,061,651 new shares at a price of €0.3828 per share, subscribed by Sofinnova Partners, Invus, UPMC, and Heights Capital.

On May 7, 2024, the company carried out a second capital increase of €9.3 million through two concurrent transactions: (i) a reserved capital increase for specialized investors raising €7.8 million, and (ii) a private placement generating €1.5 million. Both transactions involved the issuance of 23,500,040 new shares at a price of €0.395 per share, with one warrant attached to each share.

On June 28,2024, following the amendment of Heights Capital convertible Notes, the Company converted 631,560 notes into 1,930,195 new shares. This conversion was executed using the newly established price limit of €0,3272.

H. ANALYSIS OF CASH FLOW

|  |  |  |
| --- | --- | --- |
| In thousands of euros | As of June 30, | |
| 2024 | 2023 |
| Net cash flows from operating activities | (7,345) | (16,208) |
| Net cash flows from investment activities | 12 | 153 |
| Net cash flows from financing activities | 12,135 | 6,408 |

Net cash flows from operating activities in the first half of 2024 and 2023 were €(7.3) million and €(16.2) million, respectively. The sharp decrease in 2024 is driven mainly by the decrease in operating expenses following the EMA application withdrawal and in non-cash expenses related to share-based payments. The decrease in income also contributed.

Net cash flows from investment activities amounted to €0.0 million in the first half of 2024 compared to €0.2 million in 2023, mainly driven by the activity of the Company’s liquidity contract.

Net cash flows from financing activities amounted to €12.1 million in the first half of 2024, compared to €6.4 million in the same period of 2023, reflecting the proceeds from the capital increase conducted in the first half of 2024 and the subscription and exercise of share warrants.

Cash and cash equivalents amounted to €6.9 million as of June 30, 2024, compared to €1.0 million twelve months earlier.



TRANSACTIONS BETWEEN RELATED PARTIES

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

Please see Note 20 of the 2024 condensed half-year consolidated financial statements for more information.



RISK FACTORS

Risk factors are similar to those presented in the section 3 of the 2023 Universal Registration Document (pages 15 to 42) and did not change significantly during the first half-year of 2024.

This document is available on the Company’s website: [www.gensight-biologics.com](http://www.gensight-biologics.com).



STATUTORY AUDITORS’ REVIEW REPORT ON THE 2024 HALF-YEAR FINANCIAL INFORMATION

**5 STATUTORY AUDITORS’ REVIEW REPORT ON THE 2024 HALF-YEAR FINANCIAL INFORMATION**

|  |  |
| --- | --- |
| **Becouze**  34, rue de Liège  75008 Paris  S.A.S. au capital de 309 700 €uros  323 470 427 RCS Angers | **Deloitte & Associés**  6, place de la Pyramide  92908 Paris-La Défense Cedex  S.A.S. au capital de 2 188 160 €  572 028 041 RCS Nanterre |

GENSIGHT BIOLOGICS SA.

*Société anonyme*

74, rue du Faubourg Saint-Antoine

75012 PARIS

**STATUTORY AUDITORS’ REVIEW REPORT ON THE HALF-YEAR FINANCIAL INFORMATION**

For the period from January 1 to June 30, 2024

To the Shareholders,

In compliance with the assignment entrusted to us by 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-year consolidated financial statements of GenSight Biologics SA., for the period from January 1 to June 30, 2024;
* the verification of the information presented in the half-year management report.

These condensed half-year 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.

1. 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-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

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

2. SPECIFIC VERIFICATION

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

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

Angers and Bordeaux, September 26, 2024

The Statutory Auditors

BECOUZE

Rémi SOURICE

*Partner*

DELOITTE ET ASSOCIES

Jean-Baptiste BARRAS

*Partner*



DECLARATION BY THE PERSON RESPONSIBLE FOR THE 2024 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, September 26, 2024

Laurence RODRIGUEZ

Chief Executive Officer