



## Positive results obtained in phase 1b of the clinical study on SENS-111, which aims to treat bouts of vertigo

### Setting up of additional funding to accelerate Sensorion's clinical development

- *SENS-111 expected to enter phase 2 of the clinical trial in Q2 2016*
- *Strengthening of shareholders' equity to support the internationalisation of phase 2 clinical programmes in Europe and the United States*

**Montpellier, November 19, 2015** – Sensorion (FR0012596468 – ALSEN), a biotech specialising in the treatment of inner ear diseases, today announces the success of phase 1b of the clinical trial on the SENS-111 drug candidate and the simultaneous set up of a new financing through the issuance of convertible notes with share subscription warrants attached (Notes With Warrants) fully subscribed by a fund managed by US investment manager Yorkville Advisors Global, LP allowing a maximum potential funding of €20 million (plus €5 million if all warrants are exercised).

#### Safety and quality of the SENS-111 product's pharmacokinetic profile confirmed

Increasing doses of the SENS-111 compound were assessed among 100 healthy volunteers in a phase 1b clinical trial aimed at supplementing the initial clinical tolerance data available (with 50mg and 100mg doses). This study aimed to establish, from pharmacokinetic and pharmacodynamic data, the range of potentially-efficient doses for treating bouts of severe vertigo.

Following the very positive results obtained in part 1 of the study (see the press release of April 23, 2015), part 2 of the study, which consisted in administering repeated oral doses of SENS-111 or a placebo over a period of 4 to 7 days with increasing doses (up to 500mg), has confirmed very high tolerance and the compound's pharmacokinetic profile. No significant adverse effects were observed in the group of subjects treated with SENS-111, even at very high doses, illustrating this drug candidate's excellent safety profile.

Pharmacokinetic data showed a good correlation between the administered dose and plasma concentrations. Combined with the caloric test whose aim was to reproduce the symptoms of patients with severe vertigo in healthy subjects, they enabled the range of doses that should be tested in vestibular pathologies to be determined. These results will allow the Company to begin, as planned, the phase 2 clinical trial among patients with severe vertigo associated with vestibulopathy during the 2<sup>nd</sup> quarter of 2016.

**Pierre Attali, Sensorion's Chief Medical Officer, comments:** *"The objectives targeted by this first study undertaken by Sensorion on SENS-111 have been achieved. The results are solid, as they were obtained in 100 subjects, a very broad sample for this type of study. They confirm our ability to select, thanks to our screening platform, drug candidates that can be administered orally and to bring them to phase 2 clinical experimentation in accordance with the planned schedule. Indeed, we now have high-quality data making it possible to establish the range of doses to assess via the international phase 2 clinical study that should begin during the 2<sup>nd</sup> quarter of 2016 in patients suffering from bouts of severe vertigo. Our compound's excellent safety profile and its pharmacokinetic and caloric test results will be presented to the scientific community at an upcoming international congress."*

## Strengthening of the financial structure in order to accelerate Sensorion's clinical development

Sensorion (the Company ») issued today 1,500 warrants giving access to convertible notes (the « Notes ») with share subscription warrants attached (the « Warrants ») (together the « Notes With Warrants ») (the « Tranche Warrants »), of which 300 Tranche Warrants have been exercised today, at its request, resulting in the issuance of a first tranche of €3 million of Notes With Warrants. The possibility to issue an additional batch of 500 Tranche Warrants will be presented for approval at the next Shareholder's meeting.

The remaining 1,200 Tranche Warrants (together with the potential additional Tranche Warrants to be authorized) enable the issuance, over the next 36 months, in several successive tranches that will be issued at the Company's sole discretion (subject to the fulfillment of certain conditions) of a total nominal amount of €17 million.

Altogether, taking into account the additional Tranche Warrants, the maximum issuance could thus reach €25 million.

It being specified that the Tranche Warrants have been fully subscribed by a fund managed by Yorkville Advisors Global, LP (the « Investor ») within an issuance reserved to a category of persons. The Investor commits not to convert any Notes issued under the first Tranche issued today until December 10<sup>th</sup>, 2015.

The terms and conditions of this transactions, the characteristics of each financial instrument, the Company's and the Investor's obligations are detailed as an appendix to the present press release. The Company will publish and update on its website ([www.sensorion-pharma.com](http://www.sensorion-pharma.com)) a table of the outstanding Tranche Warrants, Notes, Warrants and number of shares.

**Laurent Nguyen, CEO of Sensorion, concludes:** *“We are delighted by the interest and confidence that an American investor has shown in the Sensorion project. The financial operation represents an excellent opportunity to accelerate our development at the very moment we have reached a major clinical milestone with our most advanced programme, SENS-111. This funding, the precise timing of which is under our own control, is perfectly suited to the gradual ramping up of our drug candidate programmes. It will allow us to:*

- *support the execution of our phase 2 programme for SENS-111 in the symptomatic treatment of bouts of vertigo and SENS-218 in preventing and treating lesions of the inner ear;*
- *immediately internationalise our activity by initiating discussions with the relevant health authorities in order to prepare Sensorion's clinical development, notably in Europe and the United States.*

*Sensorion is now perfectly in line with the commitments undertaken at the time of its IPO, and has the financial and technological means enabling it to accelerate its development and become a major player in the treatment of inner ear diseases.”*

## Upcoming events

- **Participation in the Salon Actionaria trade fair**, on November 20-21, 2015 in Paris



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## About SENS-111

SENS-111 is the first representative of the histamine type 4 receptor antagonist class tested in inner-ear pathologies. This drug candidate displays a neuromodulation effect of the neurosensorial inner ear cell function and is being developed for the symptomatic treatment of bouts of vertigo or tinnitus. SENS-111 is a small molecule that can be taken orally or via a standard injection, and has just been successfully assessed in humans in phase 1b.

## About Sensorion

Spun off from Inserm (the French institute of health and medical research) in 2009, Sensorion is a biotech that specialises in the treatment of pathologies of the inner ear such as acute vertigo, tinnitus and hearing loss. Backed by its pharmaceutical R&D experience and a comprehensive technology platform, Sensorion is developing three drug candidate programmes for treating the symptoms of vertigo or tinnitus, for preventing complications associated with progressive lesions in the inner ear and for preventing the toxicity of chemotherapy in the inner ear. Based in Montpellier, southern France, Sensorion has a portfolio of 7 patent families, employs 15 staff and receives financial support from Bpifrance, through the InnoBio fund, and Inserm Transfert Initiative.

For more information: [www.sensorion-pharma.com](http://www.sensorion-pharma.com)

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## Disclaimer

This press release contains certain forward-looking statements concerning Sensorion and its business. Such forward-looking statements are based on assumptions that Sensorion considers to be reasonable. However, there can be no assurance that such forward-looking statements will be verified, which statements are subject to numerous risks, including the risks set forth in the prospectus on which the French Financial Market Authority (AMF) granted its visa n° 15-114 on March 27, 2015 and to the development of economic conditions, financial markets and the markets in which Sensorion operates. The forward-looking statements contained in this press release are also subject to risks not yet known to Sensorion or not currently considered material by Sensorion. The occurrence of all or part of such risks could cause actual results, financial conditions, performance or achievements of Sensorion to be materially different from such forward-looking statements.

This press release and the information that it contains do not constitute an offer to sell or subscribe for, or a solicitation of an offer to purchase or subscribe for, Sensorion shares in any country. The communication of this press release in certain countries may constitute a violation of local laws and regulations. Any recipient of this press release must inform oneself of any such local restrictions and comply therewith.

## **Characteristics, terms and conditions of the financing through the issuance of warrants giving access to convertible notes with share subscription warrants attached implemented on November 19<sup>th</sup>, 2015**

Sensorion (the Company ») issued today 1,500 warrants giving access to convertible notes (the « Notes ») with share subscription warrants attached (the « Warrants ») (together the « Notes With Warrants ») (the « Tranche Warrants »), of which 300 Tranche Warrants have been exercised today, at its request, resulting in the issuance of a first tranche of €3 million of Notes With Warrants. The possibility to issue an additional batch of 500 Tranche Warrants will be presented for approval at the next Shareholder's meeting.

The remaining 1,200 Tranche Warrants (together with the potential additional Tranche Warrants to be authorized) enable the issuance, over the next 36 months ("the Commitment Period"), in several successive tranches that will be issued at the Company's sole discretion (subject to the fulfillment of certain conditions) of a total nominal amount of €17 million.

Altogether, taking into account the additional Tranche Warrants, the maximum issuance could thus reach €25 million.

It being specified that the Tranche Warrants have been fully subscribed by a fund managed by Yorkville Advisors Global, LP (the « Investor ») within an issuance reserved to a category of persons.

### **Terms and conditions of the transaction**

#### **Legal framework of the transaction**

The Shareholder's meeting held on September 12<sup>th</sup>, 2014 has granted the Board of Directors, with right to sub-delegate, in its 28<sup>th</sup> resolution, a delegation of authority in order to issue securities composed of debt instruments giving immediate or deferred access to the share capital of the Company, with warrants attached, with cancelation of the shareholders' preferential subscription right for the benefit of a category of persons pursuant to Art. L. 225-138 of the French Commercial Code and more specifically for the benefit of US investment management companies or investment funds whose management company is US based, and for individual investments of more than €50,000.

Further to and within the limits of the authorization granted by the shareholder's meeting in its 28<sup>th</sup> resolution, the Board of Directors, in a meeting held on November 16<sup>th</sup>, 2015, has approved the principle of issuing warrants giving access to notes convertible into new shares, representing a maximum total bond debenture of €15 million, with attached warrants giving access to new shares, and has consequently granted to the CEO all powers to decide and implement the issue of 1,500 Tranche Warrants for the benefit of the Investor as well as the exercise of 300 Tranche Warrants representing €3 million through the subscription, by the Investor of 300 Notes With Warrants.

The Board of Directors will decide the exercise of further Tranche Warrants during upcoming meetings, subject to meeting certain covenants.

It being specified that this issuance will not give rise to the filing of a prospectus with the AMF.

#### **Main characteristics of the Tranche Warrants**

The Tranche Warrants, having a validity of 36 months, oblige their holder, upon request of the Company and subject to the fulfillment of certain covenants<sup>(1)</sup>, to subscribe to new Notes With Warrants, at a parity of 1 new Note With Warrants per Tranche Warrant exercised. The Company shall therefore be able to request the exercise of the Tranche Warrants in order to allow the Notes With Warrants issuance in several tranches of a maximum of €4 million each.

The Tranche Warrants shall not be transferred by their holder without prior consent of the Company, will not be subject to a request for admission to trading on the Alternext Paris market and will therefore not be listed.

## Main characteristics of the Notes With Warrants

- **Main characteristics of the Notes**

The Notes will have a nominal value of €10,000 each and will be issued at 97.5% of such nominal value. They will not bear interest and will have a maturity of 12 months as from issuance date. In case of default<sup>(2)</sup> or if any Note remain unconverted at maturity, such Notes shall be redeemed by the Company.

The Notes may be converted into shares at any time at their holder's discretion according to the following conversion ratio:

$N = V_n / P$  (for Notes attached to the initial 1,500 Tranche Warrants) or  $N=V_n/P'$  (for Notes attached to the potential additional 500 Tranche Warrants to still be authorized) where:

“N”: number of Sensorion SA new ordinary shares to be issued upon conversion of one Note;

“ $V_n$ ”: amount of debt represented by the Note (nominal value of one Note)

“P”: the higher of:

- 95% of the lowest daily VWAP of Sensorion SA' share over the pricing period, (i.e. those trading days during which the Note holder will not have sold shares among the ten (10) trading days immediately preceding the conversion request of the Note);
- 70% of the average VWAP of Sensorion SA' share over the twenty (20) trading days immediately preceding the conversion request of the Note, divided by 97.5%, such amount being the lowest issue price as authorized by the Shareholders' meeting of Sept. 12th, 2014 in its 28<sup>th</sup> resolution. It being specified that 97.5% of “P” cannot be lower than the nominal value of a share.

“P'”: 95% of the lowest daily VWAP of Sensorion SA' share over the pricing period, (i.e. those trading days during which the Note holder will not have sold shares among the ten (10) trading days immediately preceding the conversion request of the Note, it being specified that 97.5% of « P' » cannot be lower than the nominal value of a share.

The Notes, which shall be transferable, will not be subject to a request for admission to trading on the Alternext Paris market and will therefore not be listed.

- **Main characteristics of the Warrants**

The number of Warrants to be issued upon the issuance of each tranche of the Notes With Warrants will be such that, multiplied by the exercise price of the Warrants (determined as described below), the resulting amount shall be equal to 25% of the nominal amount of the tranche, i.e. for the first tranche of €3 million, an amount of €750,000, and for the subsequent tranches of a maximum of €4 million, a maximum amount of €1 million.

The Warrants will immediately be detached from the Notes and will be freely transferable as from their issuance. They will be exercisable during a 5-year period starting on their issuance date (the “Exercise Period »). Each Warrant will give right to its holder, during the exercise Period, to subscribe to one (1) new Sensorion SA' share, subject to certain potential adjustments<sup>(3)</sup>.

The exercise price of the Warrants will be equal to:

- For the first tranche, at €12.68 (i.e. 125% of the lowest daily VWAP of Sensorion SA's share over the ten (10) trading days immediately preceding November 19<sup>th</sup>, 2015.
- For the following tranches, 115% of the lowest daily VWAP of Sensorion SA' share over the ten (10) trading days immediately preceding the exercise date of the Tranche Warrant giving rise to the issuance of the Notes from which the Warrants are detached.

It being specified that for the initial 1,500 Tranche Warrants, such exercise price shall be at least equal to 70% of the average VWAP of Sensorion SA' share over the twenty (20) trading days immediately preceding the exercise date of the Tranche Warrant giving rise to the issuance of the Notes from which the Warrants are detached. Such amount being the lowest issue price as authorized by the Shareholders' meeting of Sept. 12<sup>th</sup>, 2014 in its 28<sup>th</sup> resolution.

The Warrants will not be subject to a request for admission to trading on the Alternext Paris market and will therefore not be listed.

## New shares resulting from the conversion of Notes or the exercise of Warrants

New shares issued upon conversion of Notes or exercise of warrants will carry immediate and current dividend rights ("*jouissance courante*"). They will carry the same rights as those attached to the existing ordinary shares of the Company and will be admitted to trading on Alternext Paris market under the same listing line (ISIN FR0012596468).

The Company will publish and update on its website a table of the outstanding Tranche Warrants, Notes, Warrants and number of shares.

## Commitment of the Investor

Until the latest of (i) the end of the Commitment Period and (ii) the full conversion and/or redemption of all the outstanding Notes, the Investor committed:

- not to hold at any time a number of Shares higher than 2.99% of the outstanding number of Shares of the Issuer;
- not to request any seat at the Board of Directors of the Issuer.

The Investor commits not to convert any Notes issued under the first Tranche issued today until December 10<sup>th</sup>, 2015

## Theoretical future impact of the Notes With Warrants issue (based on the closing price as of November 18<sup>th</sup>, 2015, i.e. €10.40)

For illustration purpose, the impact of the issuance of the first tranche's or all the tranches' Notes With Warrants would be as follows:

- Impact of the issuance on the shareholders' equity per share (on the basis of shareholders' equity as of June 30<sup>th</sup>, 2015 and of the number of shares composing the Company's share capital as of November 19<sup>th</sup>, 2015, i.e. 5,880,990 shares)

	Shareholders' equity per share (in €)			
	Non-diluted basis		Non-diluted basis <sup>(4)</sup>	
	1 <sup>st</sup> tranche	All tranches	1 <sup>st</sup> tranche	All tranches
Before issuance	1.05		1.46	
After the issuance of a maximum of 362,792 (1 <sup>st</sup> tranche) or of 1,828,203 (all tranches) new shares resulting from the conversion of all the Notes and the exercise of all the Warrants	1.59	3.23	1.92	3.27
After the issuance of a maximum of 303,644 (1 <sup>st</sup> tranche) or of 1,518,219 (all tranches) new shares resulting from the conversion of all the Notes only	1.49	2.86	1.17	3.04
After the issuance of a maximum of 59,148 (1 <sup>st</sup> tranche) or of 309,984 (all tranches) new shares resulting only from the exercise of all the Warrants	1.83	1.61	1.92	1.94

<sup>(4)</sup> Diluted basis taking into account Warrants and BSPCE (warrants to the benefit of employees) granted to employees, managers and Directors enabling the issue of a maximum of 701,790 new shares

- Impact of the issuance on the stake of a shareholder currently owning 1% of the share capital of the Company:

	Shareholders' stake (in %)			
	Non-diluted basis		Non-diluted basis <sup>(4)</sup>	
	1 <sup>st</sup> tranche	All tranches	1 <sup>st</sup> tranche	All tranches
Before issuance	1%		0.89%	
After the issuance of a maximum of 362,792 (1 <sup>st</sup> tranche) or of 1,828,203 (all tranches) new shares resulting from the conversion of all the Notes and the exercise of all the Warrants	0.94%	0.76%	0.85%	0.70%
After the issuance of a maximum of 303,644 (1 <sup>st</sup> tranche) or of 1,518,219 (all tranches) new shares resulting from the conversion of all the Notes only	0.95%	0.79%	0.85%	0.73%
After the issuance of a maximum of 59,148 (1 <sup>st</sup> tranche) or of 309,984 (all tranches) new shares resulting only from the exercise of all the Warrants	0.99%	0.95%	0.89%	0.85%

<sup>(4)</sup> Diluted basis taking into account Warrants and BSPCE (warrants to the benefit of employees) granted to employees, managers and Directors enabling the issue of a maximum of 701,790 new shares

(1) Covenants to request the exercise of Tranche Warrants

- no Material Adverse Change shall have occurred;
- the closing price on the day prior to the sending of the Request shall be of EUR 6.50 greater;
- no event that constitutes an Event of Default and no triggering event that would constitute an Event of Default if not cured during the applicable cure period shall be in existence at the time of each Request or at the time of funding of any Tranche;
- no impossibility for the Note holders to exercise their right to convert the Notes shall have occurred over the ninety (90) calendar days preceding the sending of a Request;
- no suspension of the trading of the Shares on Alternext (other than intra-day suspension at the request of Euronext under Alternext rules) shall have occurred over the ninety (90) calendar days preceding the sending of a Request (including the date of the sending of the Request);
- no more than thirty-six (36) months shall have expired from the Issuance Date;
- post subscription of the Tranche being requested by the Issuer, the Investor shall not hold more than 9.99% of the then resulting outstanding number of Shares of the Issuer neither directly nor indirectly through the ownership of both Shares and Notes (for the sake of clarity, the latest shall be calculated by dividing the outstanding aggregate principal amount of the Notes held by the Investor post subscription of the said Tranche by the applicable Conversion Price);
- the Issuer shall have at least:
  - a. two (2) times coverage of Shares (based on the Conversion Price as calculated on the day of sending of the Request) authorized, available and approved for issuance to the Investor upon conversion of the maximum amount of Notes to be issued for the applicable Tranche; and
  - b. one (1) time coverage of Shares authorized, available and approved for issuance to the Investor upon exercise of the maximum number of Warrants to be issued for the applicable Tranche.

(2) Events of default include specifically the suspension of the trading of the Shares on Alternext (other than intra-day suspension at the request of Euronext under Alternext rules) that shall have occurred over the ninety (90) calendar days preceding the sending of a Request (including the date of the sending of the Request);

(3) Events of adjustment:

- issuance, with a preferential subscription right to existing shareholders, of securities,
- increase in share capital by capitalisation of reserves, profits or share premia, and by distribution of bonus shares, or the subdivision or consolidation of Shares,
- in the event that a nominal value is assigned to the Shares, an increase in share capital of the Issuer, without issuing Shares, by capitalisation of reserves, profits or share premia by increasing the nominal value of the Shares,
- distribution of reserves in cash or in kind or a share premium,

- allotment of bonus financial instruments other than Shares,
- merger by acquisition (*fusion par absorption*), merger (*fusion par création d'une nouvelle société*), spin-off, division (*scission*) of the Issuer,
- buy-back of own Shares at a price that is higher than the Share price,
- distribution of exceptional dividends,
- amortisation in share capital of the Issuer,
- modification of the Issuer's allocation of its profits,