



Sensorion Amends Existing Convertible Notes Program Under More Favorable Terms with €10 Million in Financing

Financing to be utilized to fund ongoing Phase 2 Trial of SENS-111 in Acute Unilateral Vestibular Dysfunction and initiation of Phase 2 Study of SENS-401

Montpellier, July 3, 2017 – 6:45 pm CEST - Sensorion (FR0012596468 – ALSEN), a biotech company specializing in the treatment of inner ear diseases, today announces that it has amended its existing convertible notes program under more favorable terms, including €10 million in committed funding, with Yorkville Advisors Global, LP, a US investment manager.

Yorkville has agreed to increase the maximum amount to be invested under two tranches and will provide a total of €10 million of funding to Sensorion through these two tranches of €5 million each and has agreed to renounce to benefit from the warrants attached to the convertible notes of these tranches. Yorkville has exercised on June 30th, 2017, at Sensorion's request, 500 tranche warrants resulting in the issuance of €5 million of convertible notes. The second tranche may be requested by Sensorion no later than December 19, 2017.

“The amendment of our existing convertible notes program under more favorable terms is highly beneficial to our company and our shareholders and reflects the strong working relationship with Yorkville,” said Nawal Ouzren, CEO of Sensorion. *“The capital secured through this agreement with Yorkville will be utilized to fund our ongoing Phase 2 trial of SENS-111 in Acute Unilateral Vestibulopathy and the initiation of a Phase 2 study of SENS-401 in hearing disorders. We are excited to strengthen the company's cash position with Yorkville renouncing to benefit from the warrants attached to the convertible notes and are focused on executing our robust clinical development program.”*

The full terms and conditions of this transaction, including Sensorion's and Yorkville's obligations, are detailed as an appendix to this press release.

•••

About Sensorion

Sensorion is a biotech company specializing in the treatment of inner ear diseases such as severe vertigo, tinnitus or hearing loss. Two products are currently in the clinical development stage: SENS-111, in phase 2 in acute vestibular neuritis, and SENS-401, which has completed a phase 1 trial. The company was founded by Inserm (the French Institute of Health and Medical Research) and is utilizing its pharmaceutical R&D experience and comprehensive technology platform to develop first-in-class easy-to-administer, notably orally active, drugs for treating and preventing hearing loss and the symptoms of bouts of vertigo and tinnitus.

Based in Montpellier, Southern France, Sensorion has received financial support from Bpifrance, through the InnoBio fund, and Inserm Transfert Initiative.

Sensorion has been listed on the Euronext Growth Paris exchange since April 2015.

www.sensorion-pharma.com

Contacts

Sensorion

Nawal Ouzren

CEO

contact@sensorion-pharma.com

Tel: +33 (0)4 67 20 77 30

Name: **SENSORION**

ISIN code: **FR0012596468**

Ticker: **ALSEN**



Investor Relations - France

NewCap

Dusan Oresansky / Emmanuel Huynh

sensorion@newcap.eu

Tel: +33 (0)1 44 71 94 92

Investor Relations – Rest of the World

LifeSci Advisors LLC

Chris Maggos – Managing Director, Europe

chris@lifesciadvisors.com

Tel.: +41 79 367 6254

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 *Document de référence* registration document filed with the *Autorité des marchés financiers* (AMF- French Financial Market Authority) on July 28, 2016 under n°R.16-069 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.

Terms and conditions of the amendment of the existing convertible notes program with Yorkville

Issuance of the Third Tranche and amendment of the existing convertible notes program

The Company and a fund managed by Yorkville (the “**Investor**”) entered into a convertible notes program agreement on November 19, 2015 (the “**Agreement**”) pursuant to which the Company issued 1,500 warrants giving access to Notes (as defined below) with attached warrants (the “**Tranche Warrants**”) whose exercise, under certain conditions, would allow the Company to raise up to €15 million through the exercise of such Tranche Warrants and the issuance of tranches of Notes with attached warrants (the “**Tranches**”).

A first Tranche of €3 million of convertible notes (the “**Notes**”) with attached warrants was issued by the Company upon execution of the Agreement and exercise of 300 Tranche Warrants by the Investor.

On August 16, 2016, the Company issued, under the existing Agreement, an additional 500 Tranche Warrants (for up to €5 million) to the benefit of the Investor. Concurrently to this issuance, the Company requested on the same day the exercise of a second Tranche of 300 Tranche Warrants, resulting in the issuance of €3 million of Notes.

On June 30, 2017, the Company and the Investor have entered into an amendment agreement of the existing Agreement, which modified some of the terms of the Agreement (the “**Amendment Agreement**”).

Immediately after the execution of the Amendment Agreement, the Company has requested the exercise of 500 Tranche Warrants, resulting in the issuance of €5 million of Notes and 163 826 attached warrants (the “**Third Tranche**”).

The remaining 900 Tranche Warrants would enable the Company, subject to the completion of applicable conditions, to issue an additional €9 million of Notes before November 18, 2018.

The provisions of the Agreement not modified as detailed below by the Amendment Agreement remain in full force and effect.

Maximum aggregate amount of the Notes issued under the Tranches

Under the initial terms of the Agreement, the aggregate principal amount of the Notes under the Tranches shall be equal to ten (10) times the average daily value traded in Euros of the Company’s shares (as reported by Bloomberg), during the ten (10) trading days preceding the exercise request of the Tranche Warrants by the Company, up to a maximum aggregate principal amount of €4 million.

For the Third Tranche which has been issued by the Company on June 30, 2017, the Investor has agreed, in the Amendment Agreement, to raise this maximum aggregate principal amount unconditionally to €5 million.

For the fourth Tranche, the Investor has agreed, in the Amendment Agreement, to raise this maximum aggregate principal amount to €5 million, should it be requested by the Company during a period of ten (10) trading days starting on the date which is the earlier of (i) the tenth (10th) trading day following the complete conversion or redemption of the Notes of the Third Tranche and (ii) December 19, 2017 (the “**Packed Fourth Tranche**”).

In the event of the issuance of the Fourth Packed Tranche, the request for the delivery of a fifth Tranche may only be delivered by the Company during a period of ten (10) trading days starting on the date which is the earlier of (i) the tenth (10th) trading day following the complete conversion or redemption of the Notes of the Packed Fourth Tranche and (ii) the six-month anniversary of the issuance date of the Packed Fourth Tranche.

Buy-Back of the warrants attached to the Notes

The Investor has agreed not to exercise any of the warrants attached to the Notes issued under the Third Tranche and, in the event of a Packed Fourth Tranche, the Packed Fourth Tranche.

Moreover, the Investor has sold to the Company all of the warrants attached to the Notes issued under the Third Tranche for a global purchase price of €1.00. The Company has immediately, upon the acquisition of these warrants, cancelled them.

In the event of a Packed Fourth Tranche, the Investor has undertaken to similarly sell the warrants attached to the Notes issued under such Packed Fourth Tranche, for a global purchase price of €1.00. The Company will immediately, upon purchase of the warrants, cancel them.

Dilutive impact on the Company's shareholders

The impact of the conversion of the Notes issued pursuant to the Third Tranche and potentially the Packed Fourth Tranche would be the following:

Impact of the issuance(s) on the Company's shareholders' equity per share:

Before the conversion of the Third Tranche	After the conversion of the Third Tranche ¹		After the conversion of the Third Tranche and the Packed Fourth Tranche	
	Non-diluted basis ²	Diluted basis ³	Non-diluted basis ⁴	Diluted basis ⁵
€1.22	€1.74	€2.31	€2.15	€2.62

Impact of the issuance(s) on a shareholder holding 1% of the Company's share capital on the date hereof:

Before the conversion of the Third Tranche	After the conversion of the Third Tranche ¹		After the conversion of the Third Tranche and the Packed Fourth Tranche	
	Non-diluted basis (in %) ²	Diluted basis (in %) ³	Non-diluted basis (in %) ⁴	Diluted basis (in %) ⁵
1%	0.90%	0.82%	0.75%	0.69%

This table should be read as follows: a shareholder currently holding 1% of the Company's share capital (on a non-diluted basis) would hold, in the event of a conversion of the Third Tranche and the Packed Fourth Tranche, 0.75 % of the share capital based on an issuance of 1 600 000 shares at a purchase price of 6.25€.

¹ Leading to the issuance of 800 000 shares

² Based on 7 063 422 shares representing the Company's share capital

³ Assuming that all the dilutive instruments issued or attributed at the time of this press release have been exercised

⁴ Based on 7 063 422 shares representing the Company's share capital

⁵ Assuming that all the dilutive instruments issued or attributed at the time of this press release have been exercised