

## Sensorion announces a €20m convertible bond issue subscribed by two renowned investors Invus and Sofinnova Partners

- €20m issue of bonds mandatorily convertible into ordinary shares of the Company subscribed by Invus Public Equities LP and Sofinnova Crossover I SLP, which become long-term partners for Sensorion's transformation. These bonds will be mandatorily converted into shares on the maturity date (June 13 2024)
- The funds raised will allow to continue the clinical development of the phase 2 programs for SENS-111 and SENS-401 and to initiate the new gene therapy programs in inner ear diseases in the wake of the recently signed strategic framework agreement with Institut Pasteur

**Montpellier, 12 June 2019 – Sensorion (FR0012596468 – ALSEN)** a pioneering clinical-stage biopharmaceutical company which specializes in the development of novel therapies to restore, treat and prevent inner ear diseases such as hearing loss, tinnitus and vertigo, today announces a convertible bond ('CB') issue with a nominal value of 20 million euros subscribed by two new investors, Invus Public Equities LP as the anchor investor and Sofinnova Crossover I SLP as co-anchor investor.

The proceeds from the issue will be used to fund the clinical phase 2 programs for SENS-111 and SENS-401, the initiation of our new gene therapy preclinical programs and the Company's overhead costs until the second half of 2020. We expect the results of the phase 2 trial on the efficacy of SENS-111 in acute unilateral vestibulopathy in the second half of 2019. The phase 2 of SENS-401, in sudden hearing loss (SSNHL), is underway and interim read out results should be available by the end of the year. As part of the partnership framework agreement recently signed with Institut Pasteur, Sensorion will launch and finance two preclinical gene therapy programs aiming at correcting hereditary monogenic forms of deafness including Usher type 1 syndrome and deafness caused by a mutation of the gene coding for Otoferlin.

*"2019 is a year of transformation for Sensorion. We have just signed a framework agreement with Institut Pasteur, an institution recognized worldwide for the quality of its scientific progress in the hearing field. We now have one of the richest pipelines in the inner ear field with two assets in phase 2 in addition to our new gene therapy portfolio. Our drug candidates could significantly improve the quality of life of many patients, from newborns to ageing populations in a medical field where there are few effective therapeutic options.*

*Today we are raising the largest amount of financing in Sensorion's history with prestigious investors to accompany our growth. We are delighted to work closely with Invus and Sofinnova Partners whose expertise and resources will underpin our leadership and allow us to deploy our ambitious clinical development projects over the coming years",* comments **Nawal Ouzren, Sensorion CEO.**

*"Sensorion is a leading French biotech company with great innovative science. In addition to its strong small molecule pipeline, Sensorion has recently signed a unique partnership with a world renowned French academic institution to develop next generation gene therapies. Invus is excited to leverage its long-term capital structure to finance the company and support its strong management team in their pursuit to find effective treatments and, hopefully one day, cures, for patients suffering from various inner ear diseases,"* states **Khalil Barrage, Partner at Invus.**

*"We are very pleased to support Sensorion, which has a pipeline of very promising products in the field of inner ear diseases. This investment is fully in line with the strategy of our Sofinnova Crossover fund, aiming to actively participate in the development of Sensorion to make it a world leader in its field. We are also delighted to make this investment alongside Invus, a high-quality investor we know well."* states **Cédric Moreau, Partner at Sofinnova Partners.**

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*“Sensorion is leaping forward thanks to the high quality of its management team which was able to partner with a key academic institution in the hearing space and experienced well known investors such as Invus and Sofinnova Partners. Bpifrance, the lead investor since the inception of the company is proud to see the differentiated value proposition of Sensorion being recognized internationally”* states **Chahra Louafi senior investment director at Bpifrance**.

**Legal Framework for the Issuance of Bonds Convertible into Common Shares**

The principle of this issuance of bonds convertible into common shares was decided by the Board of Directors during its June 11, 2019 meeting, using the 12th resolution approved by the Company's May 28, 2019 Combined General Meeting (*cancellation of preferential subscription rights in favor of categories of beneficiaries*). The payment and delivery of the convertible bonds (“CB”) as well as the receipt of funds shall occur no later than June 18, 2019 and shall be recorded by the CEO acting on delegation from the Board of Directors.

In this context, the Company today entered into a subscription agreement with Invus Public Equities LP and Sofinnova Crossover I SLP as subscribers to the bonds convertible into common shares for €12.5 million and €7.5 million, respectively.

On this occasion, at its meeting of June 11, 2019, the Board of Directors decided to co-opt, in replacement of the resigning directors, Ms. Dominique Costantini, an independent director and Mr. François Thomas, representing Inserm Transfert Initiative, two directors representing Invus in the person of Mr. Khalil Barrage, Partner and Mr. Julien Miara, Director. In addition, the Board of Directors decided to convene a general shareholders’ meeting to be held no later than September 30, 2019 in order, in particular, to propose to the shareholders the appointment of a representative of Sofinnova Crossover I SLP as a member of the Board of Directors.

The bonds will not be the subject of any application for admission to trading on Euronext Growth. Any common shares resulting from the conversion of the CBs will be, from their issuance, admitted to listing on the same quotation line as the existing common shares (ISIN code FR0012596468) as soon as they are issued. No prospectus subject to approval by the French *Autorité des Marchés Financiers* (AMF) has been filed in connection with the bond issuance.

The Company will periodically publish on its website the number of new shares issued upon conversion of the convertible bonds.

**Main Features of the Bond Issuance Convertible into Common Shares**

The convertible bond issuance, with a nominal amount of €20,000,000, is represented by 20,000,000 CBs with a nominal value of 1 euro each fully subscribed for at a unit price of €1, i.e., gross proceeds from the bond issuance of €20 million.

The main characteristics of the CBs are as follows:

- **Maturity:** June 13, 2024;
- **Mandatory conversion at maturity:** any CB not converted seven trading days before the maturity date will automatically be converted into common shares on the maturity date according to the conversion ratio referred to below;
- **Interest:** the CBs shall not give rise to interest (except default interest applicable to any delay in case of redemption in cash in respect of an event of default or a change of control);
- **Conversion:** the CBs may be converted into common shares by their holders at any time between their issuance date and the maturity date. In the event of conversion, the CBs will entitle their holders, to a number

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N of new common shares equal to the nominal value of a CB divided by X: X being the lower of (a) 1.3662<sup>1</sup> euros, and (b) the volume weighted average of the prices of the trading sessions during a three-month period ending on the trading day preceding the conversion request date;

- **Event of Default:** usual in such matters (in particular, violation of the terms and conditions, delisting, sale of significant assets or cessation of business) giving the right (at the initiative of the representative of the bondholders group at the request of a convertible bondholder) to early redemption in cash of the CBs for an amount corresponding to 110% of the nominal value.
- **Change of Control:** in the event of a change of control, the right (at the initiative of a convertible bondholder to redeem all or a portion of the CBs held by this holder) to early repayment of the convertible bonds in cash at an amount corresponding to 100% of the nominal value;
- **Guarantees:** the cash repayment of the CBs (in the event of default or change of control) is guaranteed by a pledge granted by the Company on certain of the intellectual property rights held by the Company itself, it being specified that the pledge is granted subject to the licenses and exploitation rights granted or to be granted by the Company on the pledge rights and that the pledge will be *pari passu* with the existing pledge granted for the benefit of the holders of CB 0321 and single bonds issued by the Company in March 2019;
- **Non-Assignment of Convertible Bonds** except for the benefit of affiliates of the convertible bondholders or with the prior written consent of the Company;
- **Company Lock Up:** 90 days (subject to customary exceptions);
- **Subscribers' Lock Up:** on shares resulting from the conversion of the CBs until the earlier of (i) the public announcement of Phase 2 (clinical trial) results of SENS-401, in Sudden Sensorineural Hearing Loss (SSNHL) or (ii) June 30, 2020 (excluding the event of an initiated public offer on the Company's securities).

In addition, the Board of Directors, at its meeting of June 11, 2019, decided, using the authorizations granted by the shareholders, to authorize the reimbursement of the 1,250,000 single bonds issued in March 2019 into 1,250,000 convertible bonds under the same terms as the CB 0321 (cf Company press release issued on March 11, 2019). For illustrative purposes, a shareholder holding 1% of the Company's share capital before the conversion of the CB 0321 issued in reimbursement of the single bonds would hold 0.938% after conversion of the said CB 0321 (on the basis of a conversion price amounting to €1.30 and before the conversion of 2,140,862 CB 0321 issued in March 2019).

### **Capitalization (before and after Conversion of the CBs)**

Taking into account the above-mentioned characteristics, if all CBs were converted based upon the conversion price of €1.3662, 14,639,145 shares would be created, representing a dilution of 50.2 % (based upon a capital composed of 14,510,932). In addition, in the event all of the CBs and all of the CBs 0321 (including the CBs 0321 newly issued in reimbursement of the 1,250,000 single bonds) were converted on the basis of a conversion price of € 1.3662 (for the CBs) and €1.30 (for the CBs 0321), 17,247,500 shares would be issued representing a dilution of 54.3%.

The breakdown of the Company's share capital is as follows, it being specified that the last two columns include the impact of the possible conversion of all CBs issued in March and June 2019 (based on information as at May 28, 2019).

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<sup>1</sup> This price has been set in accordance with the limits set forth by the 12<sup>th</sup> Resolution approved the Combined General Meeting held on May 28, 2019.

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	Before Bonds conversion by the company*		After Bonds conversion by the company*		
	number of shares	Capital % and theoretical voting rights	Numbers of CB in circulation (following the Bond issuance)	Number of shares (following bond conversion)	Capital % and theoretical voting rights
Bpifrance Investissements (Innobio)	3 499 874	24,1%		3 499 874	11,0%
Inserm transfert Initiative	982 911	6,8%		982 911	3,1%
Cochlear	533 755	3,7%		533 755	1,7%
Flottant	9 323 886	64,3%		9 323 886	29,4%
Management	170 506	1,2%		170 506	0,5%
Invus Public Equities LP**			12 500 000	9 149 466	28,8%
Sofinnova Partners**			7 500 000	5 489 679	17,3%
Titulaires OC 0321***			2 140 862	1 646 817	5,2%
Titulaires OS (converted in OC 0321)			1 250 000	961 538	3,0%
	14 510 932	100,0%	23 390 862	31 758 432	100,0%

\* it being specified that the dilution does not comprise the shares that would be issued pursuant to the exercise of BSPCE and BSA (warrants) issued by the Company

\*\*Conversion scenario at €1.3662 (conversion price of the CBs issued on March 2019)

\*\*\* Conversion scenario at € 1.30 (conversion price of the CBs 0321), on the basis of the information received by the Company

OneHealth Partners Limited acted as Financial Advisor to the Company for this fundraising.

### Risk factors

Investor attention is drawn to the risk factors referred to in section 1 of the management report for the financial year ending 31 December 2018, available on the Sensorion internet site (<http://www.sensorion-pharma.com>)

### About Sensorion

Sensorion is a pioneering clinical-stage biopharmaceutical company, which specializes in the development of novel therapies to restore, treat and prevent inner ear diseases such as hearing loss, vertigo and tinnitus. Our clinical-stage portfolio includes two phase 2 products: Seliforant (SENS-111) under investigation for acute unilateral vestibulopathy and Arazasetron (SENS-401) for sudden sensorineural hearing loss (SSNHL). We have built a unique R&D technology platform to expand our understanding of the physiopathology and etiology of inner ear related diseases enabling us to select the best targets and modalities for drug candidates. We also identify biomarkers to improve diagnosis and treatment of these underserved illnesses. Sensorion is launching in the second half of 2019 two preclinical gene programs aiming to correct hereditary monogenic forms of deafness including Usher Type 1 and deafness caused by a mutation of the gene encoding for Otoferlin. We are uniquely placed through our platforms and pipeline of potential therapeutics to make a lasting positive impact on hundreds of thousands of people with inner ear related disorders; a significant global unmet need in medicine today.

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

### About Invus (new investor)

Invus is a global investment firm with principal offices in New York, Paris and Hong Kong whose source of capital since its founding in 1985 has been a European family group. The exceptional returns from Invus' evergreen investment strategy have allowed a modest initial pool of capital to grow to over \$8 billion even after having distributed billions to shareholders. Invus doesn't raise any outside funds and focuses all its energy on value creation. On the private side, Invus mostly takes majority control positions in companies that have ambitious transformational strategies but also makes minority investments in high-growth companies where it can add real strategic value through its partnership with owner-managers. On the public side, Invus takes significant long-only, long-term positions in companies whose fundamentals and management it believes in. The average holding period in the public equity portfolio is not measured in weeks or months but years.

[www.invus.com](http://www.invus.com)

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**About Sofinnova Partners (new investor)**

Sofinnova Partners is a leading European venture capital firm specialized in Life Sciences. Headquartered in Paris, France, the firm brings together a team of professionals from all over Europe, the U.S. and China. The firm focuses on paradigm shifting technologies alongside visionary entrepreneurs. Sofinnova Partners seeks to invest as a lead investor in start-ups and corporate spin-offs as founding investor and lead investor. Since 47 years, the company has backed nearly 500 companies around the globe that have become leaders in their market. Today, Sofinnova Partners has over €2 billion under management

[www.sofinnova.fr](http://www.sofinnova.fr)

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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 'Document de référence' registration document filed with the 'Autorité des Marchés Financiers' (AMF French Financial Market Authority) on September 7th, 2017 under n°R.17-062 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.

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