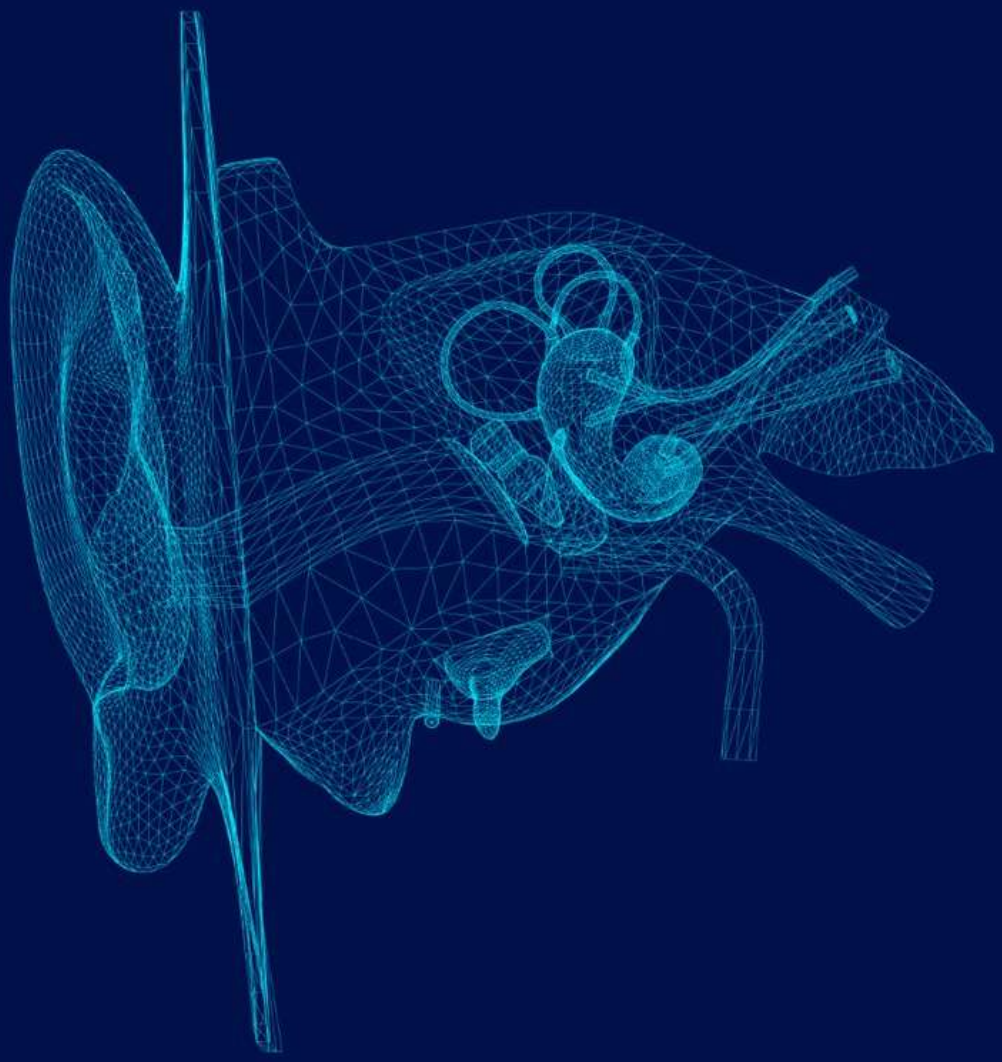
Annual Report
As of December 31, 2024



A French *société anonyme* (French limited company)
with share capital of €30,050,122.60

Registered office: 375 rue du Professeur Joseph Blayac

34080 Montpellier

Montpellier Trade and Companies Register (RCS) 512 757 725

Sensorion

SENSORION

Limited liability company with share capital of € 30,050,122.60

Registered office : 375, rue du Professeur Joseph Blayac

34080 Montpellier

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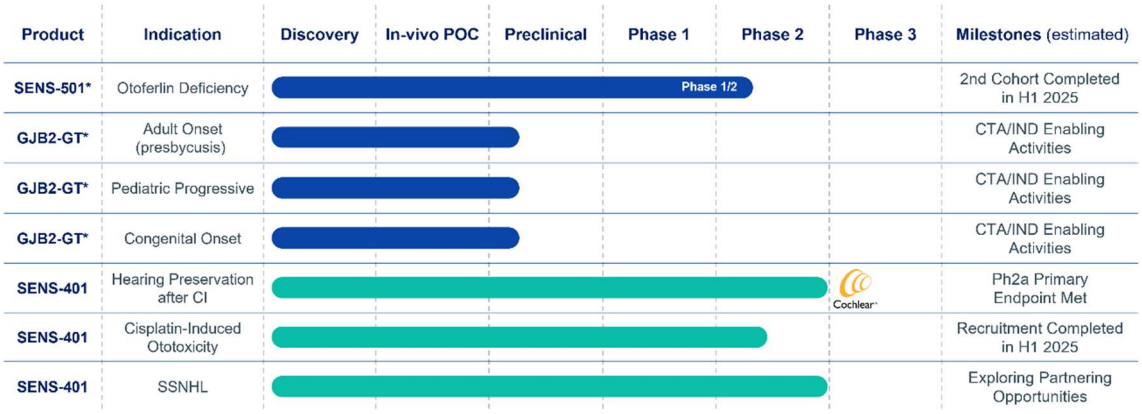
1. REPORT OF THE BOARD OF DIRECTORS

INCLUDING THE REPORT ON OPERATIONS AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND THE CORPORATE GOVERNANCE REPORT

1.1. Position and activity of the company during the past fiscal year

Pipeline overview



1.1.1. Gene Therapies for Hereditary Monogenic Hearing Loss

In 2024, Sensorion progressed in its portfolio of gene therapies developed in collaboration with the Institut Pasteur. It notably achieved several milestones with its lead candidate SENS-501, for the treatment of hearing loss caused by otoferlin deficiency.

1.1.1.1. SENS-501: Gene therapy program to restore hearing in OTOF patients

Sensorion's SENS-501 (OTOF-GT) dual AAV vector gene therapy development product aims at restoring hearing in patients with mutations in OTOF gene who suffer from severe to profound sensorineural prelingual non syndromic hearing loss. The otoferlin is a protein expressed in the inner hair cells (IHC) present in the cochlea and is critical for the transmission of the signal to the auditory nerve. Otoferlin related hearing loss is responsible for up to 8% of all cases of congenital hearing loss, with around 20,000 people affected in the US and Europe[1]. Sensorion's lead gene therapy program, SENS-501, has been developed as part of its collaboration focused on the genetics of hearing with the Institut Pasteur which was initiated in 2019 and extended for an additional 5-year period on January 5, 2024. Sensorion's gene therapy product, SENS-501, received the Orphan Drug Designation from the European Commission in 2022 and the US Food and Drug Administration (FDA) granted Rare Pediatric Disease Designation (RPDD) and Orphan Drug Designation to SENS-501 in 2022.

Following the positive feedback from European regulatory agencies, Sensorion has submitted a Clinical Trial Application (CTA) to initiate Audiogene, a Phase 1/2 clinical trial of SENS-501 in July 2023 addressing the use of both the gene therapy product and the injection device system. This injection device is intended to administer the gene therapy product into the cochlea for the Phase 1/2 clinical trial. Additionally, Sensorion successfully produced in 2023 the clinical SENS-501 batches (200L of each vector) according to GMP (Good Manufacturing Practices) requirements. The production covers the needs of the Phase 1/2 gene therapy clinical trial.

On January 19, 2024, Sensorion announced the approval to initiate the Phase 1/2 clinical trial of SENS-501, Audiogene, in Europe (in France as first country). The CTA approval follows extensive preclinical studies assessing the safety and efficacy of SENS-501 and successful manufacturing of the gene therapy Drug Product for the clinical trial. Audiogene aims to evaluate the safety, tolerability, and efficacy of intra-cochlear injection of SENS-501 for the treatment of OTOF gene-mediated hearing impairment in paediatric patients aged 6 to 31 months at the time of gene therapy treatment.

[1] Rodríguez-Ballesteros M, *et al.,*A multicenter study on the prevalence and spectrum of mutations in the otoferlin gene (OTOF) in subjects with nonsyndromic hearing impairment and auditory neuropathy. Hum Mutat. 2008 Jun;29(6):823-31. doi: 10.1002/humu.20708. PMID: 18381613.

Targeting the first years of life, the time period when the auditory system plasticity is optimal, will maximize the chances of these young children with pre-lingual hearing loss to acquire normal speech and language. The design of the study consists of two cohorts of two doses followed by an expansion cohort at the selected dose. While the safety will be the primary endpoint for the dose escalation cohort, the auditory brainstem response (ABR) will be the primary efficacy endpoint of the dose expansion cohort.

Audiogene also assesses the clinical safety, performance, and usability of the administration device system developed by Sensorion.

On September 18, 2024, Sensorion announced the injection of the first patient recruited in the Audiogene trial, in Q3 2024, in Australia.

On September 20, 2024, Sensorion announced initial safety data on the first patient injected during the symposium it held at the World Congress of Audiology, Paris, France.

On December 18, 2024, the Company announced the injection of the second patient of the first cohort of patients in the Audiogene trial. The gene therapy product and surgical procedure were well tolerated by the first two treated patients.

On December 27, 2024, Sensorion announced the completion of patient enrollment of the first cohort in the Audiogene Phase 1/2 trial, with the third patient having received an injection of SENS-501 gene therapy product.

Sensorion expects the second cohort of patient recruitment completion in H1 2025.

OTOCONEX, the Company's Natural History Study to document the natural course of disease progression in otoferlin deficiency patients and in children with hearing loss related to *GJB2* mutations, is running across Europe and plays an important role in identifying patients as early as possible.

1.1.1.2 GJB2-GT: Gene therapy program to restore hearing in GJB2 patients

Sensorion's AAV-based GJB2 gene therapy program, initiated in 2021 and developed in collaboration with the Institut Pasteur, has the potential to address three pathologies related to GJB2 mutations: early onset of presbycusis in adults, progressive forms of hearing loss in children, and pediatric congenital deafness.

The Company provided GJB2-GT Proof-of-Concept data at the European Society of Cell & Gene Therapy (ESGCT), which took place on October 22-25, 2024, Rome, Italy. Sensorion is advancing the candidate into CTA/IND-enabling activities for anticipated submission in Q1 2026.

1.1.2.SENS-401, Sensorion's small molecule for the prevention of hearing loss

SENS-401 (Arazasetron) is a small molecule that Sensorion develops in three indications: (i) to treat Sudden Sensorineural Hearing Loss SSNHL (Phase 2b completed), (ii) to prevent residual hearing loss following cochlear implantation, in partnership with Cochlear Limited (Phase 2a completed), and (iii) to prevent Cisplatin-Induced Ototoxicity (Phase 2a ongoing). SENS-401 is an orally available small molecule that aims at protecting and preserving inner ear tissue from damage, responsible for hearing impairment. SENS-401 has been granted Orphan Drug Designation by in Europe for the treatment of SSNHL, and in the U.S. for the prevention of Cisplatin-Induced Ototoxicity in pediatric population.

1.1.2.1. SENS-401 to prevent residual hearing loss after cochlear implantation

Sensorion is advancing its small molecule SENS-401 in a multicentric, randomized, controlled open-label a Phase 2a trial aimed at evaluating the presence of SENS-401 in the cochlea (perilymph) after 7 days of twice-daily oral administration in adult patients prior to cochlear implantation due to moderately severe to profound hearing impairment. Patients start treatment with SENS-401 7 days before implantation and continue to receive SENS-401 for a further 42 days.

On February 1, 2024, Sensorion announced the completion of patient inclusion in the Phase 2a POC clinical trial. Out of the 33 selected patients, 28 patients have been recruited and randomized in the study (the other 5 patients did not meet the inclusion criteria). Following this announcement, Sensorion communicated on March 11, 2024, that a total of 25 patients had been implanted with a cochlear implant: 16 in the treated arm and 9 in the control non-treated arm. The presence of SENS-401 in the perilymph at a level compatible with potential therapeutic efficacy has been confirmed in 100% of the patients sampled, 7 days after the start of the treatment, confirming that the primary endpoint was met.

On September 20, 2024, study investigator Professor Stephen O'Leary, M.D., Ph.D., during the symposium organized by Sensorion at the World Congress of Audiology, and Professor Christophe Vincent in a dedicated session on auditory implants for adults, reported analysis of Sensorion's final data of SENS-401. After 7 weeks of treatment with SENS-401 (and 6 weeks after cochlear implantation), the reduction in residual hearing loss was systematically better at the 3 frequencies 250, 500 & 750Hz in the group treated with SENS-401. This protective effect was maintained 8 weeks after cessation of treatment (14 weeks after cochlear implantation). The results show that patients treated with SENS-401 have 'complete' hearing preservation (40% of patients) compared with the control group (0% of patients) according to the Skarzynski index. In addition, the favorable safety profile of SENS-401 has been validated, in line with previous studies on SENS-401

1.1.2.2 SENS-401 to prevent Cisplatin Induced Ototoxicity (CIO)

Cisplatin and other platinum compounds are essential chemotherapeutic agents for many malignancies. Unfortunately, platinum-based therapies cause ototoxicity, or hearing loss, which is permanent, irreversible and particularly harmful to 50-60% of adult patients and 90% of pediatric patients who survive cancer.

The NOTOXIS Proof-of-Concept (POC) Phase 2a trial is a multicenter, randomized, controlled, open-label study designed to assess the efficacy of SENS-401 in preventing cisplatin-induced ototoxicity in adult patients with neoplastic disease, four weeks after completion of cisplatin-based chemotherapy. The trial assesses several endpoints, including the rate and severity of ototoxicity, changes in pure tone audiometry (PTA) (dB) throughout the study compared to before cisplatin treatment, and tolerability.

Eligible participants are randomized on Day 1 to either Arm A or Arm B in ratio 1:1. In Arm A, patients receive 43.5mg of oral SENS-401 one week before the start of the chemotherapy, continues throughout the entire chemotherapy duration, and extends for up to four weeks post-chemotherapy. This study is conducted in comparison to a control group of patients receiving chemotherapy alone, Arm B. The patients entering the study are to receive high doses of cisplatin, exceeding 70mg/m2 per treatment cycle and totaling at least 210 mg/m2 over the course of their chemotherapy regimen.

On July 23, 2024, Sensorion announced a positive recommendation from the Data Safety Monitoring Board (DSMB) regarding the continuation of NOTOXIS.

On September 20, 2024, Professor Yann Nguyen reported preliminary safety and efficacy data in Sensorion's NOTOXIS trial, during the World Congress of Audiology. The preliminary data show that a cumulative dose of cisplatin is a key factor of ototoxicity severity. A good safety profile of SENS-401 is confirmed in the long term, with the drug being administered for the first time for an average duration of up to 23 weeks. The preliminary results suggest a trend toward an otoprotective effect of SENS-401 beyond a cisplatin dose of 300 mg/m2. Despite significant exposure to cisplatin in the treatment group, most participants showed only mild ototoxicity.

1.1.3.Scientific communications

Sensorion presented at various scientific congresses in 2024, including:

- On January 29, 2024, Sensorion announced its participation in the Association for Research in Otolaryngology (ARO) Annual Meeting. The following presentations were made during the conference: “SENS-501 Gene Therapy for Autosomal Recessive Non-Syndromic Deafness 9 (DFNB9)”, “Assessment of an Adeno Associated Vector-Based Gene Therapy (GJB2-GT) for the Non-Syndromic Deafness 1 (DFNB1) in Cynomolgus Monkeys”, “Early Players Involved in Both Cisplatin-Induced Ototoxicity and SENS-401 Protection in Intact Organ Cultures”, “Surgical Approach for a Safe Intra-Cochlear Injection of AAVs in Macaca Fascicularis” and “Preclinical Development of SENS-501 as a Treatment for the Autosomal Recessive Non-Syndromic Deafness 9 (DFNB9) Using an Adeno Associated Vector-Based Gene Therapy.”

- On March 15, 2024, Sensorion announced its participation in the Annual Bioprocessing Summit Europe. On this occasion, Christine Le Bec, PhD, Head of CMC Gene Therapy, chaired a session entitled “Advancing Technical Development of Gene Therapies”, on March 19, 2024. Christine also made the following presentation “Manufacturing Challenges and Control Strategies for Dual AAV Vectors”, on March 19, 2024.

- On April 26, 2024, Sensorion announced its participation in the Annual Society of Gene and Cell Therapy (ASGCT). On this occasion, Rafik Boudra, Group Leader Technology & innovation Platform at Sensorion, presented the following poster on May 10, 2024, at 12pm ET, in the Exhibit Hall: Preclinical Development of SENS-501 as a Treatment for the Autosomal Recessive Non-Syndromic Deafness 9 (DFNB9) Using an Adeno Associated Vector-Based Gene Therapy.

- On June 20, 2024, the Company announced the presentation of SENS-401 results at the International Conference on Cochlear Implants and Other Implantable Technologies. On this occasion, Professor Stephen O'Leary, M.D., Ph.D., presented the results of the Phase 2a clinical trial of SENS-401 in the prevention of residual hearing loss after cochlear implantation, of which he is the principal investigator. His presentation was entitled: “Early Preservation of Residual Hearing Six Weeks Post Cochlear™ Nucleus® CI622 Implantation and Detection of 10 SENS-401 in Perilymph: Findings from a Phase IIa Clinical Trial Investigating Repeated Oral Administration of SENS-401 in Implant Patients.”

- On September 2, 2024, Sensorion announced its participation in the World Congress of Audiology (WCA), taking place in Paris, France, on September 19-22, 2024. On this occasion, the Company led a Symposium on medical advances in the field of hearing loss entitled “Are we at the dawn of a hearing revolution?”. Professor Natalie Loundon, ENT Surgeon in the pediatric Hospital Necker Enfants malades, Paris, France, hosted this event.

- On September 12, 2024, the Company announced its participation in the annual Inner Ear Biology conference, that took place on September 15-17, 2024, in Warsaw, Poland. On this occasion, Géraldine Petit, Ph.D., Sensorion’s Preclinical Group Leader, presented the following poster on September 16, 2024: “Multiplexed TMT-based quantitative proteomics identified essential players involved in the mechanism of action of SENS-401 observed under normal or ototoxic conditions in intact cochlear organ cultures.”

- On October 17, 2024, Sensorion announced its participation in the 31st Congress of the European Society of Gene and Cell Therapy (ESGCT), held on October 22-25, 2024, in Rome, Italy. On this occasion, Sensorion's scientific team presented three posters on the progress of its gene therapy drug candidate, GJB2-GT: “*GJB2* gene therapy-response of two pre-clinical mouse models of the most frequent form of human deafness, DFNB1” (poster

N°0273), “Characterization of a safe and functional GT-GJB2 vector for the treatment of DFNB1A hearing loss” (poster N°0051), “Preclinical development of GT-GJB2 as a treatment for the autosomal recessive non-syndromic deafness 1A (DFNB1A) using an adeno associated vector-based gene therapy” (poster N°0052)

1.1.4.Strengthening the Board of Directors and senior leadership

On January 25, 2024, Sensorion announced the nomination of Dr. Federico Mingozzi as board member. Dr. Federico Mingozzi has previously worked at Spark Therapeutics, where he served as Chief Science and Technology Officer. Federico brings over 25 years of experience in gene therapy, immunology, as well as biochemistry and molecular biology in academia and industry. He is well known for his significant contributions to the development of gene therapies for the treatment of various diseases. Furthermore, he has played a key role in advancing our understanding of the interactions between gene therapy vectors and the host immune system, as well as in the formulation of strategies to overcome immune responses to anti-AAV vectors.

On June 27, 2024, Sensorion appointed Laurene Danon as Chief Financial Officer. Laurene brings to Sensorion more than 15 years of experience in investment banking and international equity capital markets. A graduate of HEC, she began her career in London with the investment bank J.P. Morgan, in corporate finance advisory, before specializing in equity capital markets at J.P. Morgan and later at Jefferies International. Prior to joining Sensorion, she founded the strategic advisory firm Concorde Advisory, where she supported and managed the execution of strategic corporate finance projects for her clients. In total, Laurene has led executions for 70 transactions totaling over $35 billion raised. Laurene was well known to the Sensorion team, having advised the Company on recent capital increases.

1.1.5 Strengthening of Sensorion’s capital

On February 9, 2024, Sensorion completed a €50.5million offering reserved to specific categories of investors through the issuance of 88,594,737 new ordinary shares of the Company at a price per new share of €0.57 to the benefit of Redmile Group, Invus and Sofinnova Partners, existing shareholders, and leading US Healthcare Specialists funds including Aquilo Capital, as well as two large investment management firms.

The Company intends to use the net proceeds from this reserved offering, which amount to circa €47 million (based on the aggregate subscription price), to fund the Company’s R&D activities (overing GJB2 CTA submission and the first two cohorts of the Audiogene Phase 1/2 clinical trial) as well as for other R&D and corporate overhead expenses.

On April 8, 2024, Sensorion announced a €15 million offering reserved to specific categories of investors through the issuance of 24,574,694 new ordinary shares of the Company at a price per new share of €0.63 to the benefit of existing shareholders including Redmile Group, Invus, Sofinnova Partners and a large investment management firm.

The Company intends to use the net proceeds from this reserved offering, which amounts to c. €14.8 million (based on the aggregate subscription price), to fund the Company’s R&D activities until the end of 2025, covering GJB2 CTA submission and the first two cohorts of the Audiogene Phase 1/2 clinical trial, as well as for other R&D and corporate overhead expenses. This financing enabled the Company to extend its cash runway through the end of Q1 2026.

1.2. Analysis of business evolution

Sensorion is a biotechnology company created in 2009 and whose technology was the result of research conducted by INSERM in Montpellier.

The Company initially was focused on the identification and development of drug candidates treating diseases of the vestibule, one of the parts of the inner ear responsible for our balance. From 2012, the Company has extended its activity to all pathologies of the inner ear, adding diseases of the cochlea, the part of the inner ear responsible for hearing. Today, Sensorion specializes in the development of

novel therapies to restore, treat and prevent hearing loss disorders, a significant global unmet medical need.

In the first half of 2019, Sensorion announced the signature with the Institut Pasteur (Paris, France) of a framework agreement for a research partnership granting Sensorion an exclusive option to an exclusive license in order to develop and commercialize drug candidates in gene therapy for the restoration, treatment and prevention of hearing problems. In January 2024, the partnership has been extended for an additional five-year period.

Within the framework of this strategic partnership with the Institut Pasteur, Sensorion launched several gene therapy programs aimed at correcting hereditary monogenic forms of deafness: SENS-501, the most advanced program, targets deafness caused by mutations in the gene coding for otoferlin. The successful completion of the efficacy preclinical package advanced the program with the development of the SENS-501 product towards clinical stage. A Clinical Trial Application (Audiogene, a Phase 1/2 clinical study) has been approved in January 2024 to evaluate the safety, tolerability, and efficacy of intra-cochlear injection of SENS-501 in patients aged 6 to 31 months suffering from otoferlin gene-mediated hearing loss. In December 2024, Sensorion announced the injection of the first three patients of the first cohort.

The research partnership successfully led to a second gene therapy program with GJB2-GT, announced in 2021, for which a drug candidate, selected in April 2023, is currently in preclinical development. GJB2-GT targets deafness linked to mutations in the *GJB2* gene, the most common form of childhood deafness. Three indications, all linked to *GJB2* mutations, are currently being evaluated: early presbycusis, progressive hearing loss during childhood, and congenital hearing loss. The selected candidate is designed with a specific adeno-associated virus (AAV) capsid that targets key cells in the ear that normally express GJB2 and avoids ototoxicity.

SENS-401 (Arazasetron), the Company's most advanced drug candidate has a dual mode of action, combining the inhibition of two targets, 5-HT3 and calcineurin, both of which have an action preventing cell apoptosis, and here more specifically external hair cells. The safety of SENS-401 was evaluated in 2016-2017 in a Phase 1 study with healthy volunteers. This study did not show any significant side effects. SENS-401 is currently being developed in a Phase 2 clinical trial.

The Company has selected SENS-401 in three indications:

- For the prevention of hearing loss related to Cisplatin-Induced Ototoxicity, currently progressing in a Phase 2a proof of concept clinical study, NOTOXIS. Preliminary safety and efficacy data were reported during the World Congress of Audiology, in September 2024. The preliminary data show that a cumulative dose of cisplatin is a key factor of ototoxicity severity. A good safety profile of SENS-401 is confirmed in the long term, with the drug being administered for the first time for an average duration of up to 23 weeks. The preliminary results suggest a trend toward an otoprotective effect of SENS-401 beyond a cisplatin dose of 300 mg/m2. Despite significant exposure to cisplatin in the treatment group, most participants showed only mild ototoxicity.
- For the prevention of residual hearing loss following cochlear implantation, in a Phase 2a study that was completed in September 2024. Sensorion has met the primary endpoint of this study with the confirmed presence of SENS-401 in the perilymph of 100% of sampled patients treated with the small molecule. Analysis of the final data of SENS-401 showed clinically significant effects on the preservation of residual hearing in patients treated with the small molecule compared to the control group.
  The Company has signed a collaboration agreement with the Australian company Cochlear Limited (Cochlear) to evaluate this combination in preclinical models in December 2017. In exchange for an investment in the Company, Cochlear has obtained the right to first negotiate a potential license for this indication.
- For the treatment of sudden sensorineural hearing loss: the Company completed in January 2022 a Phase 2 study that started in early 2019, AUDIBLE-S. SENS-401 for the treatment of SSNHL was safe and well tolerated. Although the primary efficacy

endpoint was not met at day 28, further evaluation of the secondary and exploratory endpoints revealed that SENS-401 demonstrated a statistically significant treatment effect on complete hearing recovery at D84, on the word recognition score in a subgroup of idiopathic population at D84, and a superior responder rate to placebo in all treatment groups. In particular, many patients entering the study with profound hearing loss improved to a mild hearing loss. This is the first time that this level of improvement has been demonstrated in profound hearing loss SSNHL patients. SENS-401 received orphan drug designation from the European Medicines Agency.

Sensorion has developed, in its laboratories, a unique R&D platform to expand its understanding of the pathophysiology and etiology of inner ear diseases. This approach enables the Company to select the best therapeutic targets and most appropriate mechanisms of action for its drug candidates. Sensorion is also working on identifying biomarkers to improve diagnosis of these underserved or inadequately treated diseases.

Thanks to its R&D platform and its pipeline of drug candidates the Company is uniquely positioned to make a lasting improvement in the quality of life of hundreds of thousands of people who suffer from inner ear disorders, a significant unmet medical need in the world.

In 2022, to further strengthen its technology base, Sensorion has expanded its CMC (Chemistry, Manufacturing and Control) gene therapy platform. The Company has acquired bioreactors (2L, 10L and 50L scale) to develop the AAV process in suspension and automates to increase the throughput analysis for process and product characterization.

The Company uses the skills of its researchers, engineers and technicians to develop its products and identify future products. It regularly evaluates the adequacy of its organization with its needs. Thus, it subcontracts a portion of its work to consultants and companies whose businesses do not justify internalizing skills and/or whose cost-efficiency ratio is more favorable. For example, the manufacturing of products or the conduct of clinical trials are subcontracted to specialized companies.

It explains that purchases and external expenses are high compared to the total amount of operating expenses:

In thousand euros	12.31.2024	12.31.2023
Purchases	873	781
Other external expenses	22,145	19,189
Total operating expenses	33,898	27,835
Percentage of purchases and other external expenses compared to operating expenses	67.9%	71.7%

Information on the research and development activity is presented in sections 1.1 et 1.7.

Information on the Company's financial debt is presented in section 1.8.

More broadly, financial information is presented in section 3 onwards.

1.3. Main risks factors faced by the company

The Company operates in a constantly changing environment, which involves numerous risks, some of which are beyond its control. Before subscribing for or acquiring shares in the Company, investors are advised to consider all the information contained in this report, including the risks described below.

The risk factors contained in this report are limited to the risks that the Company considers, as of the date of this document, to be specific to itself and/or its securities and that are important for making an informed investment decision, as corroborated by the content of this report.

As part of the preparation of this report, the Company has reviewed the risks that could have a material adverse effect on the Company, its business, financial position or ability to achieve its objectives, and is not aware of any significant risks other than those described herein. However, attention is drawn to the fact that pursuant to Article 16 of the Prospectus Regulation, the list of risks presented in this section is not exhaustive and that other risks, which are unknown or the occurrence of which is not considered, as of the date of this document, to be likely to have an adverse effect on the Company, its business, financial situation, results or prospects, may or could exist.

In preparing this document, the Company has assessed the significance of risk factors based on the likelihood of their materialization and the estimated magnitude of their negative impact. It has thus categorized the various risks according to its scientific and economic model, as follows:

- Financial risks: as the Company is a biotechnology company with no marketed drugs to date, it does not generate revenues and needs financial resources to pursue all its programs and projects (3.1);
- Risks related to the development of its drug candidates: the Company is working on drug candidates at the pre-clinical and clinical stages, which implies certain specific risks related to experimental and theoretical research, or to the early phases of verification of the properties of a potential future drug (3.2);
- Risks related to the Company's organization: the Company has limited personnel resources and depends to a large extent on its subcontractors and partners, which implies various risks inherent in the relationships with its partners and the working tools used (3.3);
- Risks related to the commercialization of drugs: the Company is working towards the future commercialization of drug candidates, which presupposes obtaining the necessary regulatory approvals and strong protection of its intellectual property, mainly its patents but also other intellectual property (3.4);
- Market risks, which are inherent to any listed company (3.5).

Each identified risk is assessed in terms of probability of occurrence and potential impact, taking into account the possible consequences, in particular from a financial, legal and reputational point of view, as well as on the achievement of the Company's objectives.

Risk mapping is a management tool that makes it possible, where appropriate, to define and monitor the preventive or corrective mitigation measures to be implemented in relation to the various risks identified. The associated action plan specifies the actions to be taken, the persons responsible, the deadlines to be met and if relevant the budget associated with each action.

The Audit Committee reviewed the risk mapping prepared by Company management. This chapter, prepared in accordance with this mapping, was submitted to an Audit Committee and a Board of Directors during 2024.

The table below summarizes the main risks organized according to the categories described above. In each of the categories, the residual risks remaining after the implementation of management measures are classified according to the level of criticality (combination of probability of occurrence and estimated impact) assessed during the risk mapping. Only risks assessed with a "significant" level of criticality are detailed in this chapter.

1.3.1	Financial risks	Occurrence	Impact
1.3.1.1	Risks related to uncertain capital resources and uncertain additional financing	high	high
1.3.1.2	Liquidity risk	low	moderate
1.3.1.3	Risks related to access to the Research Tax Credit	moderate	moderate
1.3.1.4	Risks related to historical and future losses and the future use of tax loss carryforwards	moderate	moderate
1.3.1.5	Risk related to the control of foreign investment in France	moderate	moderate
1.3.1.6	Risks related to access to public advances	moderate	low
1.3.1.7	Dilution risks	high	low
1.3.2	Risks related to the Company's activity		
1.3.2.1	Risks related to the clinical development of projects	high	high
1.3.2.2	Risks related to the highly innovative nature of the Company's products and the early nature of their development	high	high
1.3.2.3	Market and Competition Risks	high	moderate
1.3.2.4	Risks related to the Company's commercial and strategic development	high	high
1.3.3	Risks related to the Company's organization		
1.3.3.1	Risks of dependence on third parties	high	high

1.3.3.2	Risk of losing key employees and not being able to attract new qualified people	low	moderate
1.3.3.3	Risks related to managing the Company's growth	moderate	moderate
1.3.3.4	Risks related to trade policy and tariff uncertainties	moderate	low
1.3.3.5	Risks related to a cyber security incident	low	high
1.3.4	Regulatory and legal risks		
1.3.4.1	Risks related to a restrictive and evolving regulatory framework	high	moderate
1.3.4.2	Specific risks related to the preclinical studies and clinical trials that will be required to obtain marketing authorizations for the Company's therapeutic products	high	high
1.3.4.3	Risks related to the reimbursement and delisting of drugs and treatments	high	moderate
1.3.4.4	Risks related to patent and license portfolios	high	moderate
1.3.4.5	Product Liability Risks	moderate	high
1.3.4.6	Risks related to potential conflicts that may affect the company's relationship with potential licensees	low	moderate
1.3.5	Market risks		
1.3.5.1	Credit risk	moderate	moderate
1.3.5.2	Interest rate risk	moderate	moderate
1.3.5.3	Currency risks	low	low

1.3.5.4	Equity risks	moderate	moderate

1.3.1 Financial risks

1.3.1.1 Risks related to uncertain capital resources and uncertain additional financing

In the future, the Group will continue to experience significant financing requirements in order to develop its technology, pursue its clinical development programs, and manufacture and market its products.

The Group will be required to seek external sources of financing, such as additional capital increases.

The Group's financing requirements and their timing depend on a number of factors, some of which are largely beyond The Group's control, such as:

- higher costs and slower progress than anticipated for its research and development programs and clinical studies;
- higher costs for the products, raw materials and consumables required, which are billed back by service providers (pass-through costs);
- the costs of preparing, filing, defending and maintaining its patents and other intellectual property rights;
- the scope of prior research work and the time frames required to sign license agreements with industrial partners;
- higher costs, more complicated processes and/or longer time frames than anticipated to obtain regulatory market authorizations and eligibility for reimbursement for its products;
- new opportunities for developing new products or acquiring technologies, products or companies.

Like most companies, the Group is impacted by inflation, resulting in higher prices for the products, raw materials and consumables it needs, as well for the fees invoiced by its counterparties and subcontractors. This represents a significant increase in the Company's expenses that are not offset by revenues or possible re-invoicing to other counterparties or on the price of the Company's drugs as there is no commercialisation at this date.

Steps taken to fund the Group

To cover future needs, the Group is considering or may consider taking one or more of the following steps to secure the necessary funding:

- searching for financing solutions, primarily through collaborations;
- licensing agreements with one or more pharmaceutical companies for one or more of their candidate products; as well as
- agreements to secure grants and/or repayable advances specifically relating to the Group's research programmes.
- These financing solutions could also take the following forms:
- debt, either vanilla loans or through the issuance of convertible or non-convertible bonds;
- issuance of immediate or deferred equity securities (such as pre-financed warrants); and/or
- a fundraising round through future capital increases (reserved or not) from existing shareholders and new investors, with or without dilutive instruments attached, including a listing on other reference financial markets abroad (such as Nasdaq, if market conditions permit).

The Group may not be able to raise additional capital when required, or this capital may not be available on financial terms acceptable to the Group. If the Group seeks financing through the issuance of new shares, existing investors' ownership could be diluted. Debt financing, if available, could impose restrictive covenants on the Group and its shareholders.

Above average interest rates could affect investor appetite to invest in the biotech industry in general and in Sensorion shares in particular. Sensorion's access to capital may be adversely affected as a result.

In addition, the impact of political or geopolitical instability (or changes in the policies of leading countries on the financial markets) on financial market volatility could significantly increase this risk, making it more difficult or more expensive to raise funds.

If the necessary funds are not available, the Group may have to:

- delay, reduce or eliminate the number or scope of its preclinical and clinical trial programs;
- license its technologies to partners or third parties on terms less favourable to it than those it might have been able to negotiate in a different context ; or
- enter into new collaboration agreements on terms less favourable to it than those it might have been able to negotiate in a different context.

1.3.1.2 Liquidity risks

Background

Since inception, the Group has financed its growth by strengthening its equity base through successive capital increases, issuing a convertible bond, obtaining public innovation grants and aid in the form of repayable advances andclaiming research tax credit receivables.

With the exception of government guaranteed loans granted in connection with the COVID-19 crisis for a total of €2 million (see Note 20 to the financial statements), the Group has not taken on any bank loans to date.

Repayable innovation aid and repayment schedules

The Group is not exposed to an immediate liquidity risk, the contracts for repayable advances received (ADI-2010 and ADI-2014) have been fully repaid in 2018 and 2023 and the innovation grant PTZI-2016 has been largely repaid as at end 2024 (outstanding balance on four instalments of €23,750).

The Group received financing in the form of a repayable advance in connection with its participation in the "PATRIOT" competitiveness clusters fundamental R&D project. This aid of a maximum amount of €4,833,248 is divided into several instalments. The Group received a first instalment of €724,000 in August 2020 and a second instalment of €785,136 in August 2023. Additional instalments are expected between February 1st, 2025 and February 1st, 2029.

At the acknowledgment of the conclusion of the program, it is foreseen that the Group will be required to repay this aid between July 31, 2031 and July 31, 2034.

In 2020, Sensorion received loans of €3,000,000, including loans of €2,000,000 guaranteed by the French government and a Research, Development and Innovation loan of €1,000,000 from Bpifrance. The Group began repaying these loans in 2021 and full repayment is expected by end 2026.

Liquidity risk to date

Substantial research and development expenses in connection with clinical studies have been incurred since the Group's operations began, which have to date generated negative operating cash flows. These negative operating cash flows amounted to -€20,769 k€ and -€21,330 k€ for the fiscal years ending December 31, 2023 and 2024, respectively.

At December 31, 2024, the Group had 66.8 million euros in cash and cash equivalents and 10.2 million euros in short-term deposits, accessible before expiry of the term subject to 32 days' written notice and considered by the Group to be liquid and readily available.

The Group choses leading financial institutions for its cash investments and believes that it is not exposed to significant credit risk on its cash and cash equivalents.

The Board of Directors has adopted the going concern basis of accounting.

As of December 31, 2024, the Group had €66.8 million of available cash and cash equivalents and €10.2 million of short term deposit, accessible prior to the expiration of the term upon 32 days written notice and considered by the Group as liquid and easily available. As of the date of this report, the Group deems that it is in a position to finance its activities until the end of the first quarter of 2026. Liquidity risk is low.

Beyond that date, the progress of the Group's research and development programmes will continue to generate significant financing needs. The Group's ultimate profitability will depend primarily on its ability to enter into collaboration or licensing agreements for its drug candidates with industrial partners, which generate upfront and milestone payments, and then royalties on sales after marketing authorisation. These processes are lengthy and the Group, which has incurred net operating losses since the start of its research and development activity, anticipates further losses over the next few years as its activities continue.

This risk is particularly sensitive to geopolitical risks, especially in terms of financial market volatility. Developments in regional crises or conflicts (Russian-Ukrainian conflict, Israeli-Palestinian conflict), could significantly amplify this risk, as could an extension of existing geopolitical crises to other countries or regions, by reducing, delaying, or making more complicated or costly the Group's ability to finance itself on the markets.

1.3.1.3 Risks related to access to the Research Tax Credit

To contribute to its funding efforts, the Group has historically relied on the French research tax credit (CIR), which is a tax incentive mechanism designed to encourage scientific and technical research by French companies by granting a tax credit. Research expenses eligible for the research tax credit include salaries and remuneration paid to researchers and research technicians, depreciation of non-current assets used for research purposes, services subcontracted to accredited research organizations (public or private), and the costs of obtaining and maintaining patents.

If requested by the tax authorities, companies must provide supporting evidence of the amount of the research tax credit claimed and the eligibility of the research work considered to qualify for the tax incentive. In 2024, the Group received a research tax credit of 4,263 k€ related to FY 2023. In 2025, the Group will apply for 2024 related RTC of 4,422 k€.

The tax authorities may challenge the methodology used by the Group to calculate research and development expenses for the purpose of determining the amount of the research tax credit. A challenge of the RTC received by the group is therefore possible, noting however that any challenge will be time limited and may be raised only until the end of the third year following the year in which an RTC claim is filed.

The amount of research tax credit received may fluctuate from one year to the next due to variations in research costs, as well as the impact of the collection and repayment of public aid for innovation (grants or repayable advances).

The Group’s Australian subsidiary is also entitled to a research tax credit, which amounted to 296 k€ for FY 2023 and 220 k€ for FY 2024.

If the research tax credit were called into question due to a change in the law or due to a specific challenge by the tax authorities, this could have an adverse impact on the Group’s financial situation.

1.3.1.4 Risks related to historical and future losses and the use of tax loss carryforwards

The Group has posted operating losses every year since its creation. The Group’s net losses reported on the IFRS financial statements for the years ended December 31, 2024 and December 31, 2023 totalled 25,972 k€ and 22,063k€ respectively. These losses, which are reported in the annual financial statements prepared under IFRS, are mainly related to internal and external research and development expenses, in particular in connection with conducting preclinical and clinical trials.

In the near future, the Group expects to experience higher operating losses than in the past, mainly due to:

- clinical study programs planned to develop SENS-501;
- preclinical gene therapy programs conducted under the agreement signed with the Institut Pasteur in particular GJB2-GT;
- the need to conduct new preclinical and clinical trials conducted to address new market segments;
- increased regulatory requirements governing the manufacture of its products;
- the pursuit of an active research and development policy that could involve the development or acquisition of new technologies, products or licenses.

An increase in such expenses could increase the losses reports by the Group.

Moreover, because of its losses, the Group has never made a dividend distribution and does not expect to distribute any dividends in the next three years. In subsequent years, the dividend policy will depend on earnings generated and on an assessment of the resources required to ensure the Group's development.

As of December 31, 2024, after recognizing the net loss for the year, the Group had a tax loss carry-forward in France of €167,508,792. Currently, this tax loss can be carried forward indefinitely and set off against future profits.

In France, for fiscal years ending on or after December 31, 2012, the set-off of these tax losses is limited to €1 million, plus 50% of the share of profits exceeding this limit. The unused balance of the tax loss may be carried forward to subsequent years and may be set off subject to the same conditions without any time limit.

It cannot be ruled out that future developments in corporate tax law may abolish, in whole or in part, the possibility of setting off past tax losses against future profits or limit it in time.

If this situation were to occur, it could have an adverse impact on the Group's financial situation.

1.3.1.5 Risks related to the control of foreign investment in France

As stipulated in the French Monetary and Financial Code, the completion of any investment (i) by (a) an individual of foreign nationality, (b) any individual of French nationality not domiciled in France within the meaning of Article 4B of the General Tax Code, (c) any entity governed by foreign law and (d) any entity governed by French law controlled by one or more entities mentioned in (a) to (c), (ii) which would result in (a) the acquisition of control - within the meaning of Article L. 233-3 of the French Commercial Code - of a French company, (b) acquiring all or part of a branch of activity of a French company, or (c) for individuals who are not nationals of a Member State of the European Union or of a State party to the Agreement on the European Economic Area that has entered into an administrative assistance agreement with France and/or are not domiciled in one of these States, or for legal entities where at least one of the members of the control chain is not governed by the law of one of these States or is not a national and/or is not domiciled in one of these States, to cross the threshold of 25% of the voting rights of a French company listed on Euronext Growth and (iii) whose activities concern, even occasionally, the research and development of so-called critical technologies, such as biotechnologies, and considered essential for the protection of public health, is subject to authorisation by the French Minister for the Economy.

If an investment in the Company requiring the prior authorisation of the French Minister for the Economy is made without such authorisation having been granted, the Minister for the Economy may cancel the transaction or order (possibly under penalty) the investor concerned (i) to submit an application for authorisation, (ii) to have the previous situation restored at its own expense or (iii) to modify the investment. In addition, the Minister may impose undertakings and conditions on the investor (including a commitment to regular reporting). The investor concerned could also be declared criminally liable and be punished, in particular, by exclusion from any public contract or by a fine which may not exceed the highest of the three following amounts: (i) twice the amount of the investment concerned, (ii) 10% of the Company's annual pre-tax turnover and (iii) 5 million euros (for a company) or 1 million euros (for an individual).

If the undertakings and conditions required by the French Minister for the Economy to authorize an investment are considered unacceptable by investors or if investors consider the risk thereof too high, this could act as a potential hinderance on investments made by investors located outside the European Economic Area (and more specifically US investors) and could therefore limit the Company's access to sources of financing.

1.3.1.6 Risks related to access to public advances

In the past, the Group has received various types of aid and grants, in particular in connection with:

- the development of a neuromodulation therapy to treat vertigo (Eureka/Eurostars grant for the "H4 INVEST: Histamine H4 receptor antagonists, an innovative therapy for the treatment of vestibular disorders" project);
- the proof of concept, in vitro and in vivo, of new vestibuloplegic compounds and the study of their potential protective effects against vestibular deficits (ADI-2010 repayable advance from Bpifrance and the Languedoc-Roussillon region);
- the development of an innovative therapeutic solution to protect against inner ear injuries (ADI-2014 repayable advance from Bpifrance and the Languedoc-Roussillon region);
- the development of a high content screening platform (zero-interest innovation loan from Bpifrance and the Occitanie region);
- setting up a medical practice dedicated to the treatment of noise-induced hearing loss by integrating the development of new diagnostic approaches (support for the "PATRIOT" fundamental research and development for competitiveness project);
- the development of a therapy for congenital neurosensorial deafness ("AUDINNOVE").

In the future, the Group may to continue to apply for aid and grants in order to pursue its development.

Although it is not currently essential for the Group's development that it obtain aid or grants, the Group cannot guarantee that it will have the necessary additional financial resources, time, or the possibility of replacing these financial resources with others.

1.3.1.7 Dilution risks

Founders' warrants, share warrants and stock options

Under incentive programmes for officers and employees who play a significant role in the Group's development, the Group has, since its creation, issued and awarded founders' warrants, share warrants and stock options.

As of December 31, 2024, the outstanding founders' warrants, share warrants, and stock options granted to their holders the right to subscribe, under certain conditions, for 11,513,062 shares.

At the date hereof, the outstanding founders' warrants, share warrants, and stock options give their holders the right to subscribe, under certain conditions, to 15,342,511 shares.

Pre-Funded Warrants issued to Redmile Group

The €35m private placement announced on 3rd august 2023 included the subscription by Redmile Group of 17,857,143 pre-funded warrants against the payment of a pre-funded amount per warrant of €0.18. On 24th January 2024, the Company Sensorion announced amended terms for those pre-funded warrants, including the payment of an additional pre funded amount of €0.09 per warrant and the postponement of the maturity to 31st December 2033. The pre-funded warrants may be exercised at any moment against the payment of €0.01 per Warrant Share until that date.

To cover future financing needs, the Group is considering or may consider the following financing solutions which could imply dilution for existing shareholders:

- debt, either vanilla loans or through the issuance of convertible or non-convertible bonds;
- issuance of immediate or deferred equity securities (such as pre-financed warrants); and/or

- a fundraising round through future capital increases (reserved or not) from existing shareholders and new investors, with or without dilutive instruments attached, including a listing on other reference financial markets abroad (such as Nasdaq, if market conditions permit).

Dilution tables

The dilution tables as of December 31, 2024 and as of the date of this report are presented in Section 6.5 of this report.

1.3.2 Risks related to the Company's activity

1.3.2.1 Risks related to the clinical development of projects

The development of the Company's drug candidates could be delayed or not completed

The development of a drug candidate is a long and costly process with uncertain outcomes, taking place in several phases, the objective of which is to demonstrate the therapeutic benefit provided by the drug candidate for one or more given indications.

Any failure during one of the various preclinical and clinical phases for a given indication could delay the development, registration, production and marketing of the therapeutic product concerned or even lead to the termination of its development.

During clinical trials, the Company may encounter difficulties in determining and recruiting the appropriate patient profile. These profiles could also vary according to the different phases of the clinical trials. The recruitment of patients may not be carried out according to a schedule that is compatible with the Company's financial resources.

Two phase 2 clinical studies with SENS-401 and SENS-501 were recruiting as of December 31, 2024:

- Prevention of ototoxicity related to Cisplatin (Notoxis)
- Treatment of severe to profound hearing loss due to otoferlin gene mutations (Audiogene study)

Sensorion announced the end of patient inclusion in Notoxis on March 7, 2025.

The risks associated with recruitment for the Audiogene study are mainly due to the fact that the indication is very rare and the number of eligible patients is limited to a defined age criterion between 6 and 31 months. In order to limit these risks, a number of actions are underway: a natural history study to pre-identify potential patients, enabling systematic genotyping of new patients (Otoconex), a communication campaign in each country participating in the study via the study investigators, scientific societies and patient associations, drastic selection of participating countries and clinical centers.At each phase of clinical development, the Company must seek authorization from the competent authorities of the different countries according to its development plan to conduct clinical trials, and then submit the results of its clinical studies to the same authorities. The authorities may refuse the necessary authorizations for clinical trials, have additional requirements, for example, with respect to study protocols, patient characteristics, treatment duration, post-treatment follow-up, certain differences in interpretation of results among local regulatory agencies and, if applicable, require additional studies. The fact that the studies are being conducted in several countries adds to the complexity of these clinical trials. Any refusal or decision by the health authorities to request additional trials or examinations would be likely to interrupt or delay the development and registration of the products concerned. All these actions have enabled us to rapidly recruit the first cohort in 2024, and will be continued and amplified with the opening of new countries in 2025.

The Company cannot guarantee that its development of drug candidates from its various research programs will one day be successful, and even less so within a timeframe that is compatible with its financial resources or the needs of the market.

If a significant delay occurs in a trial and development times deviate significantly from estimates, the Company could be required to abandon the development of one or more of its product candidates and be unable to generate sufficient revenues through partnerships, which could have a material adverse effect on the Company's business, results, financial position and prospects.

In addition, delays in clinical trials could shorten the operating periods during which the Company's products are protected by patent(s) and allow its competitors to commercialize their products in the shorter term, which could adversely affect Sensorion's ability to license or successfully commercialize its drug candidates.

Finally, the appearance of side effects that cannot be identified based on current knowledge could delay or even interrupt the development of the Company's drug candidates. In addition, if, after their marketing authorization ("MA") obtained by the Company or its partners, the Company's products were to cause unacceptable or undetected side effects during the clinical trial period, it would be impossible for the Company to transfer them or to grant them to partners for their commercialization, which would have a very significant adverse effect on its business, prospects, financial position, results and development.

The Company's development is largely based on the success of its portfolio diversification and expansion.

As part of its research and development programs, the Company must conduct preclinical animal testing and clinical trials on humans in order to demonstrate the safety and efficacy of its drug candidates.

Although the Company conducts its trials with the utmost care, in particular, in the definition of protocols, the use of associated experts and the study of competing products, events that could lead to the failure of a clinical development include the following:

- the occurrence of deaths or unexpected and serious adverse events, whether or not related to the drug candidate subject to the trial, that are believed to outweigh its potential benefits: in such a case, the Company may choose, or the regulatory authorities may require the Company to suspend or terminate clinical trials;
- negative or unconvincing efficacy results: in this case, the Company could decide to give-up development projects that it initially believed to be promising or it could be required to conduct other clinical studies, which would result in higher than expected costs.

Regarding the development of SENS-401, the results of the Phase 2 AUDIBLE-S study of SENS-401 in 115 patients for the treatment of SSNHL announced on 17 January 2022 have demonstrated that SENS-401 was safe and well tolerated. Good tolerability was confirmed in the second study on the prevention of residual hearing after cochlear implant surgery in 16 patients treated with SENS-401. The safety of the product has to be confirmed during prolonged administration for up to 23 weeks in the ongoing phase 2 study (Notoxis) whose preliminary results were presented at a symposium in September 2024. The final results of the Cochlear study were also presented at the symposium. These results were positive, with the primary objective achieved, with SENS-401 measured at concentrations above the limit of detection in all treated patients. A number of secondary efficacy criteria were also evaluated, including the change in hearing threshold at several frequencies between the start and end of the treatment period in the implanted ear. The results showed that administration of SENS-401 reduced hearing loss after cochlear implantation six weeks after cochlear implantation (corresponding to the end of SENS-401 treatment). These good results remained clinically significant until the last visit of the trial, fourteen weeks after cochlear implantation, and confirm the key role of SENS-401 in preserving residual hearing. Final results of the Notoxis study will be available in 2025 and will contribute to strengthen the development of SENS-401 if there are positive.

SENS-501 entering clinical development alongside SENS-401 allows to spread the potential risk of the Company's inability to successfully complete clinical trials and to decrease the negative impact on its ability to generate future revenues, its financial position and its development. Recruitment of the first cohort (3 patients) of Audiogene study has been completed. The surgical administration procedure was uneventful in the 3 patients. The initial safety reported in the first three patients shows no

dose_limiting toxicities, no serious adverse events, a vestibular function intact and unchanged from baseline and presence of otoacoustics emissions.

Sensorion currently has, among other geographies, clinical centers in Israel for the Notoxis study, and even if recruitment continues in Israel, the opening of additional centers in France has enabled recruitment to continue at the planned pace. Developments in the Israeli-Palestinian conflict could affect the conduct of the Notoxis study.

Furthermore, promising results from its drug candidates SENS-401 and/or gene therapy programs during the pre-clinical and initial clinical phases, and even after advanced clinical trials, do not guarantee that any of the Company's drug candidates can be licensed out and/or successfully marketed and commercialized.

The absence of products of the same type on the market generates many unknowns

The Company is developing drug candidates for the treatment, prevention and restoration within the field of inner ear disorders. The therapeutic objective is to treat acute dysfunctions (for example, sudden hearing loss) or to offer a background anti-lesional treatment for very severe or repeated inner ear disorders. As of the date of this document, no treatment for sudden sensorineural hearing loss (SSNHL) has yet been approved for marketing by the competent health authorities and one drug has been approved to reduce the risk of ototoxicity associated with cisplatin in pediatric patients with localized, non-metastatic solid tumors. The prospects for the development and profitability of Sensorion's most advanced drug candidate (SENS-401), the Company's ability to develop, formulate or produce it under economically acceptable conditions, its safety, efficacy and its acceptance by patients, healthcare prescribers and paying agencies are therefore still highly uncertain.

As a result, the prospects for the development and profitability of drug candidates, their safety, efficacy and acceptance by patients, physicians and paying agencies are uncertain. Preclinical and clinical data on the safety and efficacy of these drug candidates are still limited. Not only are animal tests not necessarily predictive of future results in humans, but positive results of drug candidates in early clinical phases, obtained on a limited number of patients, may not be confirmed by later phases on a larger number of patients. Such a situation would have a very significant adverse impact on the Company's business, results, financial situation and development.

1.3.2.2 Risks related to the highly innovative nature of the Company's products and the early nature of their development

The risks associated with the failure to develop a drug candidate are closely linked to the stage of maturity of this drug candidate. Given the relatively early stage of the Company's drug candidates, there is a significant risk that some or all of the Company's drug candidates may not be developed, formulated or produced under acceptable economic conditions, may be discontinued, may not be the subject of partnership or licensing agreements, may not obtain regulatory approval or may never be commercialized.

SENS-401 candidate demonstrated preclinical studies results in severe acoustic trauma and cisplatin-induced hearing loss models, that could allow for the development of both the treatment of sudden sensorineural hearing loss (SSNHL) and the prevention of cisplatin-induced ototoxicity (CIO). Its mechanism of action appears to be linked to an antagonistic effect of the 5-HT3 receptor (setron family) and to the inhibition of calcineurin (see section 1 of this document).

Based on the results of the Phase 2 AUDIBLE-S study of SENS-401 in 115 patients for the treatment of SSNHL, Sensorion is continuing the development of SENS-401 in two new indications. Sensorion started two proof-of-concept clinical (POC) studies, one to prevent Cisplatin Induced Ototoxicity (CIO) and one to prevent the loss of hearing residual at the time of the cochlear implantation. A disciplined capital allocation approach supports Sensorion willingness to look for potential partner to pursue SENS-401 development in SSNHL. The final results of the study on the prevention of residual hearing loss demonstrated the achievement of the primary endpoint, namely the presence of SENS-401 in the perilymph at levels consistent with potential therapeutic efficacy in 100% of patients, 7

days after the start of treatment. These results demonstrate that orally administered SENS-401 crossed the blood-labyrinth barrier. After 7 weeks of treatment with SENS-401 (and 6 weeks after cochlear implantation), the reduction in residual hearing loss was systematically better at the 3 frequencies 250, 500 & 750Hz in the group treated with SENS-401. This protective effect was maintained 8 weeks after cessation of treatment (14 weeks after cochlear implantation). The results show that patients treated with SENS-401 have 'complete' hearing preservation (40% of patients) compared with the control group (0% of patients) according to the Skarzynski index (Skarzynski, et al. 2013 Towards a consensus on a hearing preservation classification system. Acta Otolaryngol Suppl. 2013(564):3-13). In addition, the favorable safety profile of SENS-401 has been validated, in line with previous studies on SENS-401.To date, no antagonist of 5-HT3 receptor (calcineurin inhibitor) has yet been developed or approved for marketing by the competent health authorities in an indication related to sudden sensorineural hearing loss.

With regard to SENS-501, designed to treat congenital deafness of genetic origin linked to mutations in the otoferlin gene (DFNB9 deafness), clinical entry is a significant step forward in the development of Sensorion's portfolio.

For its other early-stage gene therapy product, drug candidate in preclinical development is based on scientific partnerships (see section 3.3.2 below) or on the "Inner Ear" technology platform developed by the Company. The pre-clinical gene therapy program, aimed at correcting hereditary monogenic forms of deafness linked to mutations in GJB2 gene, is progressing.

The platform of the Company includes in-vitro capabilities in order to realize cellular assays on major cell types in the cochlea, tissue on explants and electrophysiology for neuronal activity. It also includes in-vivo capabilities through specific preclinical models of pathologies and lesions related to the inner ear, accompanied by technologies for measuring hearing parameters and analyzing the results obtained.

If the studies conducted on the drug candidates were to reveal safety and/or therapeutic efficacy problems or if the use of the platform infringed an intellectual property right held by a third party, this could call into question the use and the very functioning of the technological platform and require new research and development efforts as well as additional time and costs to remedy these difficulties, without any guarantee of success. The development of drug candidates in preclinical testing based on this platform would be affected.

The "Inner Ear" technology platform is located in a research center with the highest levels of accreditation (AAALAC). A malfunction, a shutdown of the platform or the loss of AAALAC accreditation could occur.

The occurrence of one or more of these events would have a material adverse effect on the Company's business, prospects, development, financial condition and results.

1.3.2.3 Market and Competition Risks

The Company cannot guarantee the commercial success of the drug candidates being developed.

If the Company and/or one or more of its commercial partners succeed in obtaining a marketing authorization allowing them to commercialize the therapeutic products developed by the Company, it may nevertheless take time to gain the support of the medical community, healthcare prescribers and third-party payers.

The degree of market acceptance of each of the Company's products will depend on a number of factors, including:

- the perception of the therapeutic benefit of the product by prescribers and their patients;
- the possible occurrence of adverse reactions once marketing authorization has been obtained;
- the frequency of use of drug candidates;
- the ease of use of the product, particularly in terms of its mode of administration;
- the cost of treatment;
- reimbursement policies of governments and other third parties;

- the effective implementation of a scientific publication strategy; and
- the development of one or more competing products for the same indication.

The Company and/or its partners could also suffer from controversies affecting drug candidates or other therapeutic approaches similar but not competing with those developed by the Company, negatively impacting the public's perception of the therapeutic benefit of these drug candidates.

Even if the drug candidates developed by the Company are likely to provide a therapeutic response to a need that has not been met to date, poor market penetration resulting from one or more of the factors described above would have an adverse effect on their commercialization and on the Company's ability to generate profits under the agreements that it may enter into with industrial partners, which would have a negative impact on its business, prospects, financial position, results and development. Similarly, the Company cannot guarantee that the assumptions used and developed to determine the characteristics of the market it targets will be confirmed. If all or part of these assumptions are not realized, the size of the market estimated by the Company could change.

The Company cannot guarantee the absence of competitors in its target markets.

Several pharmaceutical laboratories, biotechnology companies, institutions, universities and other research organizations are actively engaged in the research, discovery, development and commercialization of preventive and therapeutic responses to the inner ear dysfunctions targeted by the Company.

Besides current competitors on the market, the potential development and positive growth of the market targeted by the Company makes it probable that new competitors currently in preclinical or clinical development will enter this market. More specifically, the Company believes that SENS-401 and Otoferlin and GJB2 coding for the Connexin 26 protein have potential that makes them attractive to competitors in a promising market with high unmet medical needs. Some companies active in the drug industry have much greater resources than the Company and may decide to develop competing products by dedicating resources and experience in clinical development, management, manufacturing, marketing and research much greater than those of the Company.

The Company's drug candidates are being developed to provide a therapeutic solution to address unmet medical needs. The Company cannot guarantee that its competitors will not develop, at the same time or subsequently, alternative therapeutic solutions that make less attractive or obsolete those currently being developed or that will be preferred by medical centers, physicians or patients. Such events would have a material adverse effect on the Company's business, results, financial condition and development prospects.

The Company may encounter difficulties in carrying out potential external growth operations.

The Company's current strategy does not include plans to acquire companies or technologies in order to facilitate or provide access to new drugs, new research projects, new geographical areas or to express synergies with its existing activities.

However, should such acquisitions prove necessary or opportunistic, the Company may not be able to complete such acquisitions on satisfactory terms (including price), or to effectively integrate the newly acquired companies or businesses, achieving its operating objectives, or the expected cost savings or synergies. In addition, the Company may not be able to obtain financing for such acquisitions on favorable terms and may be forced to finance such acquisitions with cash that would otherwise have been allocated for other purposes within existing operations.

If the Company encounters difficulties in implementing or executing its external growth policy, this could affect its ability to achieve its financial objectives and develop its market share, which could have a significant adverse effect on its business, financial position, results or prospects.

1.3.2.4 Risks related to the Company's commercial and strategic development

The Company may not be able to find industrial partners to pursue the clinical and commercial development of its drug candidates.

If the Company's strategy so requires, and/or if the Company is unable to obtain adequate financing, the Company may have to enter into one or more licensing and distribution partnerships with one or more pharmaceutical institution(s) in order to finance the completion of the clinical development of SENS-401 and/or the progress of its gene therapy programs. The Company will, therefore, have to find one or more partners with sufficient capacity to conduct Phase I, IIb or III clinical trials (depending on its drug-candidates) on an international scale, manufacture at industrial scale, obtain marketing authorization, distribute and commercialize the Company's drug candidates. If the Company were to enter into one or more such partnership(s), the commercialization of its products would therefore depend in part on the clinical development, regulatory, industrial, marketing and commercialization efforts deployed by its commercial partner(s), as well as on the capacity of such partner(s) to produce and sell its drug candidates. Any failure on the part of such partner(s) would have adverse consequences for the Company, its development and its prospects.

It is also possible that the Company may not be able to enter into partnership(s) on economically reasonable terms. This could have a material adverse effect on the Company's business, prospects, financial position, results and development.

Obtaining pre-commercialization approvals is uncertain

In Europe, the United States, Japan and many other countries, access to the drug market is controlled and the marketing of a drug such as those developed by the Company must be authorized by a regulatory authority that issues a Marketing Authorization ("MA").

Although the Company is not concerned by a marketing authorization issue for a certain number of years, a marketing authorization file is built up over the entire development period of a drug candidate. The Company is therefore careful to comply with good practices at all times so as not to jeopardize its chances, in the long term, of obtaining marketing approval for its drug candidates, either directly or through its commercial partners.

Obtaining and maintaining marketing approval for the drug candidates that the Company and/or its partners wish to develop requires compliance with the stringent standards imposed by the regulatory authorities and the communication to the authorities of a large amount of information concerning the new product, including its toxicity, dosage, quality, efficacy and safety. The process of obtaining a new product involves significant investment, while the outcome remains uncertain.

The maintenance or obtaining of a Good Manufacturing Practices ("GMP") certificate by the Company and/or its future partners may be necessary for the manufacturing of the Company's drug candidates (for clinical trials or in the commercialization phase). The Company cannot guarantee that it and/or its partners will obtain or maintain this certificate, nor can it guarantee that certain additional constraints related to this certificate will not be imposed on them in the future.

If no marketing authorization or GMP certificate is obtained, the products concerned may not be manufactured or marketed by the Company and/or its partners. In addition, a product may not obtain a marketing authorization or a GMP certificate for a given geographical area, which could significantly restrict its commercialization. Finally, even if a marketing authorization or GMP certificate is regularly obtained, it may be suspended, particularly in the event of non-compliance with manufacturing regulations or the discovery of an adverse effect.

A Marketing Authorization can also be modified, suspended or withdrawn by regulatory authorities and introduce delays in the marketing of drug candidates. In this respect, changes in the policies of countries issuing marketing authorizations may have an impact on the Company's situation, potentially making it more difficult, longer or more expensive to obtain them.

The occurrence of one or more of these events would have a material adverse effect on the Company's business, prospects, financial condition, results of operations and development.

1.3.3 Risks related to the Company's organization

1.3.3.1 Risks of dependence to third parties

When the Company conducts research and manufacturing projects for its products under collaborative agreements, certain key tasks or functions are the responsibility of its partners:

- Thermofisher is in charge of process development and production (cell culture, AAV expression, purification, aseptic distribution and quality control) of the two AAV vectors designed for the Sensorion OTOF-GT and GJB2-GT projects and will provide Sensorion with batches of Finished Product for preclinical and clinical studies;
- Institut Pasteur participates in various gene therapy programs targeting Otoferlin deficiency and the GJB2 gene encoding the Connexin26 protein;
- The “PATRIOT” consortium, of which Sensorion is the leader, also involves the Institut de recherche biomédicale des Armées, the Institut Pasteur and the company Electronique du Mazet. This project aims to protect and preserve inner ear tissue from damage that could lead to deafness;
- The "AUDINNOVE" project tackles congenital deafness with the development of new diagnostic and therapeutic approaches. The objective of this project is to develop a specific gene therapy program aimed at correcting a monogenic hereditary form of deafness caused by a mutation in the gene coding for Otoferlin (DNBF9). The consortium is composed of AP-HP, Institut Pasteur, Fondation pour l'Audition, and Sensorion as the industrial partner.

As a result, the Company is exposed to the risk that its partners and subcontractors do not properly fulfill their part of the project. Furthermore, decisions may be under the control of its partners or subject to their approval. The Company and its partners may also have different views. Failures in the development process or disagreements in terms of priorities may arise and adversely affect the activities conducted under these agreements. The Company may also encounter potential conflicts or difficulties with its partners during the term of its agreements or when they are renewed or renegotiated. The relationship with its partners may also be subject to uncertainties.

In addition, if a current or future partner encounters difficulty in the supply of its own biological products needed to develop and manufacture its own products or in obtaining the regulatory authorizations required for this purpose, or in its own financial situation, it would result in a delay, discontinuation or reorientation of the Company's or the partnership's work, which could significantly affect Sensorion's business, prospects, financial situation, results and development.

For its other products, the Company cannot guarantee that, in due course, it will be able to identify a suitable partner or conclude a partnership on the most favorable commercial terms for it. The Company's inability to enter into agreements with one or more partners for the further development of its drug candidates would have a material adverse effect on its ability to generate future revenues, its financial condition and its development.

All of these events may affect the development, launch and/or marketing of some of its products or drug candidates and adversely affect its operating income.

More generally, the Company may misjudge the scientific and medical results of development operations at the time of entering into a partnership agreement, and therefore the compensation related to such partnerships, or it may not have the means or access to all the information necessary to fully assess them, in particular with respect to the potential of research and development portfolios, difficulties related to production, compliance issues or the monitoring of the outcome of ongoing litigation.

The Company could find itself in a situation of dependence on its subcontractors.

As part of its development, the Company uses subcontractors, in particular for the manufacturing of batches of finished or semi-finished products for preclinical studies and clinical trials.

The Company works with Contract Manufacturer Organizations for the production of the drug candidates. Relationships with Contract Manufacturer Organizations are key for the large-scale production of therapeutic products. The Company intends to deploy all its efforts to achieve a technology transfer that will allow its subcontractors to carry out this large-scale production under the best possible conditions, but uncertainties exist regarding the possibility of carrying out this custom manufacturing on a large scale.

In addition, as the Company does not have sufficient resources at this stage of its development to conduct all of the clinical trials required for the development of its drugs, they are outsourced to companies specializing in clinical trial management, in particular Clinical Research Organizations (CROs).

The outsourcing of clinical trials generates risks and costs related to the selection of these subcontractors. Operational difficulties could also arise, in particular due to the remoteness or geographic dispersion of clinical study centers.

Any failure on the part of these subcontractors involved in a preclinical or clinical trial could have consequences on the schedule, or even the continuation of clinical studies on the various drug candidates, as well as on the quality of the data, which must meet strict standards (Good Clinical Practice, Good Manufacturing Practice or the "ICH Harmonized Tripartite Guideline for Good Clinical Practice") imposed by the various regulatory authorities, and thus delay the marketing of products.

Similarly, if any of these subcontractors were to encounter difficulties in the supply of its own biological products required to develop and manufacture its own products or in the regulatory approvals required for this purpose, or in its own financial situation, this would result in a delay, discontinuation or reorientation of the Company's or the partnership's work, which could have a material adverse effect on Sensorion's business, prospects, financial situation, results and development.

In addition, the fact that subcontractors re-invoice the Company for the costs of the products, raw materials and consumables it needs (pass-through costs), and that these costs can increase in manner that is not pre-determined at the start of the contract, could lead to a delay or reorientation of the Company's or the subcontractor's work or an increase in costs that could significantly affect Sensorion's business, prospects, financial situation, results and development.

Similarly, the hacking of data relating to the Company's drug candidates tested at Sensorion or its partners (including at patient recruitment sites, CROs, service providers that the Company uses to advance its preclinical or clinical trials, or more broadly in completed or future clinical trials) could, for example, delay obtaining regulatory approvals. If a disruption or act of hacking results in the corruption of the Company's data or applications, or other data or applications relating to its technology or drug candidates, or the unauthorized dissemination of confidential or proprietary information, the partner could be subject to sanctions, but, in turn, the Company's competitive position could be affected and the development and commercialization of its drug candidates could be delayed, which could have adverse financial, legal and operational effects and harm its reputation (as well as the reputation of such partner).

In addition, the Company cannot guarantee that the amount of potential damages related to the clinical research of the products it develops will not exceed the compensation ceiling provided in the contracts entered into with the CROs prior to registration, depending on the progress of the clinical study.

Such events would have a material adverse effect on the Company's business, prospects, financial condition, results and development.

The Company could find itself in a situation of dependence on its partners

The Company is involved in several partnership agreements and consortiums with public and private partners aimed at developing drug candidates at different stages of development.

As regards preclinical gene therapy programs, the quality of the results of the trials depends in particular on the quality of the services expected by the Institut Pasteur and their compliance with the specifications initially set (correction of hereditary monogenic forms of deafness, in particular

deafness caused by mutations in the gene coding for Otoferlin and in the GJB2 gene). The failure of Institut Pasteur could adversely affect the validity of the Company's pre-clinical studies.

Likewise, Sensorion's preferential right to all of Institut Pasteur's research programs in the field of genetic diseases of the inner ear during the five years of the partnership is directly dependent on the research that Institut Pasteur will be able to develop for this future collaboration.

In addition, Sensorion is involved in consortium ("AUDINNOVE" and "PATRIOT") for which Sensorion is dependent on the partners to carry out their own share of collaborative projects.

The unavailability of partners to carry out their share of the project, their inability or their failure to do so, the loss of data, delays or errors in the data treatment could have an adverse effect on the development of products, their availability or their compliance, thereby affecting the conduct of trials or procedures concerning them and, ultimately, the Company's ability to generate future revenues, its financial position and its development.

Under these consortium agreements, if one of the partners fails without a possible alternative and despite the best efforts of the other partners, this could lead to the failure of the program as a whole. The Company may not find partners or may not find the right partners to develop its products. If it does find such partners, they could decide to withdraw from the agreements. The Company may also not succeed in entering into new agreements for its other drugs. The Company cannot control the amount or timing of resources that its existing or future partners will devote to the development, manufacturing and marketing of its products. These partners may not fulfill their obligations as anticipated by the Company. As a result, the Company may experience significant delays or be unable to successfully introduce its products in certain markets.

The occurrence of one or more of these risks could have a significant adverse effect on the Company's business, prospects, financial situation, results and development.

1.3.3.2 Risk of losing key employees and not being able to attract new qualified people

The development of its technologies and the conduct of clinical trials by the Company depends in particular on its ability to hire and retain qualified personnel

The success of the Company depends largely on the work and expertise of its management team and the Chief Executive Officer. Although the Company has taken out a "key person" insurance policy, the temporary or permanent unavailability of these individuals could impair the Company's ability to achieve its objectives, in particular by depriving it of their know-how and technical capabilities.

In addition, the Company will need to recruit new senior management and qualified scientific personnel for the development of its activities and as the Company expands into areas that will require additional skills. The Company competes with other companies, research organizations and academic institutions to recruit and retain highly qualified scientific, technical and management personnel. To the extent such competition is intense, the Company must remain vigilant to attract or retain key personnel on economically acceptable terms.

The Company's inability to attract and retain such key personnel could prevent it from achieving its objectives and could have a material adverse effect on its business, results, financial position and prospects.

1.3.3.3 Risks related to managing the Company's growth

The Company's development depends in particular on its ability to manage its growth and internal resources.

As part of its development strategy, the Company will have to recruit additional staff and develop its operational capabilities, which could significantly mobilize its internal resources.

To this end, the Company will need to:

- train, manage, motivate and retain a growing number of employees;

- Anticipate the expenses related to this growth as well as the associated financing needs;
- increase the capacity of its existing operational, financial and management information systems;
- manage the outsourcing of the production of its developed drugs; and
- manage partnership agreements with the Company's industrial partners in charge of pursuing the clinical development and commercialization of the Company's products.

In order to meet demand within the timeframe agreed upon with its future partners, the Company may need to enter into new subcontracting agreements.

The Company's inability to manage growth, or unexpected difficulties encountered during its expansion, could have a significant adverse effect on its business, results, financial condition, development and prospects.

1.3.3.4 Risks related to trade policy and tariff uncertainties

Changes in trade policies, including the imposition of new tariffs or trade restrictions, could impact the global supply chain of the biotech industry. Our business relies on cross-border movement of specialized raw materials, laboratory equipment, pharmaceutical products, talent and services which may be subject to regulatory or cost fluctuations due to evolving trade policies.

Logistical disruptions, increased costs, or trade-related delays could impact our research and development timelines, constrain our manufacturing processes, and adversely affect our operational performance and financial prospects.

1.3.3.5 Risks related to a cyber security incident

The Group is exposed to several categories of cyber risks, including:

- External threats: malware attacks, ransomware, phishing, and network intrusions;
- Internal threats: human errors, unauthorized system usage, or malicious actions by employees or third parties;
- Systemic vulnerabilities: system obsolescence, lack of regular updates, and dependence on third-party suppliers; and
- Third-party risks: risks related to partners and subcontractors that could serve as entry points for attacks.

A breach in the security of information systems could lead to a temporary or prolonged disruption of the Group’s activities, leakage or alteration of personal, confidential, financial, or regulatory information, costs associated with system repairs, crisis management, and a negative impact on the confidence of investors, partners, and employees.

To mitigate its exposure to these risks, the Group has implemented cybersecurity management tools based on infrastructure measures (firewalls, intrusion detection, and anti-malware solutions), regular updates of critical software, the establishment of procedures, and a recurring cybersecurity awareness program for all staff.

1.3.4 Regulatory and legal risks

1.3.4.1 Risks related to a restrictive and evolving regulatory framework

One of the major challenges for a growth company like Sensorion is to succeed in developing, with the help of partners, products integrating its technologies in the context of an increasingly constraining regulatory environment . The pharmaceutical industry is faced with an ever-changing legal and regulatory environment and increased oversight by competent authorities such as the Agence Nationale de Sécurité du Médicament et des Produits de Santé ("ANSM") in France, the European Medicines Agency ("EMA") in Europe, the Food and Drug Administration ("FDA") in the United

States and other regulatory authorities in the rest of the world. At the same time, the public is demanding more guarantees regarding the safety and efficacy of medicines.

Health authorities oversee research and development work, preclinical studies, clinical studies, the regulation of pharmaceutical establishments, as well as the manufacturing and marketing of drugs. This strengthening of the legislative and regulatory framework is common throughout the world, although the requirements vary from one country to another. In particular, health authorities, including the ANSM, the EMA and the FDA, have imposed increasingly burdensome requirements in terms of the volume of data required to demonstrate the efficacy and safety of a product. These increased requirements have thus reduced the number of authorized products in relation to the number of dossiers submitted. In addition, marketed products are subject to a regular reassessment of the risk/benefit ratio after they have been authorized. The late discovery of problems not detected at the research stage may lead to marketing restrictions, suspension or withdrawal of the product and an increased risk of litigation.

As a result, the authorization process is long and costly and can take several years, with an unpredictable result. In this respect, changes in the policies of countries issuing marketing authorizations may make the authorization process even more difficult, longer or more expensive.

To the extent that new legal or regulatory provisions increase the costs of obtaining and maintaining marketing authorizations for products or limit the economic value of a new product for its inventor, the growth prospects of the pharmaceutical industry and the Company could be reduced.

In addition, healthcare providers, physicians and other stakeholders play a critical role in the clinical development, approval and, once approved, recommendation and prescription of Sensorion's drug candidates. Its arrangements with such persons and third-party payers, as well as its activities, could expose the Company to broadly applicable fraud and abuse laws and regulations, as well as other health care laws and regulations, which could limit the commercial or financial arrangements and relationships through which the Company researches, develops and, when approved, markets or distributes its products.

For example, the U.S. Physician Payments Sunshine Act, similar state or foreign laws and regulations, such as state "anti-gift" laws and false claims laws, the "Bertrand Law" in France (Law No. 2011-2012 of 29 December 2011), require relevant manufacturers of covered drugs to track and periodically report contracts, payments and other transfers of value to physicians and certain property rights and investments held by physicians or their immediate family members or healthcare professionals.

In addition, the Company may collect, process, use or transfer personal data of individuals located within the European Union in the course of its business, including health data, in the context of clinical trials conducted within the European Union. A significant portion of the personal data that the Company may use could be managed by third parties (mainly CROs in the context of clinical trials). The collection and use of personal health data in the European Union is governed by the provisions of the General Data Protection Regulation (EU) 2016/679 (GDPR). Failure to comply with the requirements of the GDPR and the national data protection laws of the EU Member States, including data managed by third parties, for which the Company is unable to ensure compliance with the GDPR, may result in substantial fines, other administrative sanctions and civil actions against it, which could have a material adverse effect on its business, prospects, financial condition and results.

1.3.4.2 Specific risks related to the preclinical studies and clinical trials that will be required to obtain marketing authorizations for the Company's therapeutic products

The organization of preclinical studies in animals and clinical trials in humans is essential to obtain a marketing authorization for the products developed by the Company. They are generally carried out over several years and are very costly.

Since these studies and trials must be conducted by preclinical and clinical research centers, their quality and value will largely depend on the ability of the Company and its partners to select the preclinical and clinical research centers and, with respect to human trials, to recruit the necessary number of patients within a relatively limited time frame in order to be able to publish results rapidly, as well as to select, as the case may be, the appropriate service providers responsible for implementing

the study protocol defined by the Company or its partners. The remoteness or geographic dispersion of clinical or preclinical study centers may also raise operational and logistical difficulties, which could result in additional costs and delays.

If the Company or its partners do not succeed in recruiting the expected patients, which would result in delays in clinical studies and the publication of their results, this would result in a gap in the acceptance of both learned societies and professionals in the relevant medical fields, and the marketing of the Company's products would be affected, which could have a material adverse effect on its business, financial condition, results, development and prospects.

1.3.4.3 Risks related to the reimbursement and delisting of drugs and treatments

The conditions for setting the selling price for drug reimbursement are beyond the control of pharmaceutical companies. They are respectively decided by the competent public commissions and bodies as well as by social organizations or private insurances. In the current context of controlling healthcare spending and the economic and financial crisis, pressure on sales prices and reimbursement levels is intensifying, due in particular to the price controls imposed by many States and the increased difficulty in obtaining and maintaining a satisfactory reimbursement rate for medicines.

When the time comes, the conditions for determining the price and reimbursement rate of the Company's products will be a key factor in their commercial success. The Company's ability to receive royalties from its industrial partner(s) on the sale of its treatments will depend on these pricing and reimbursement conditions. If delays in price negotiations result in a significant delay in the marketing of a product or if one of the Company's products does not obtain an appropriate level of reimbursement, its profitability would be reduced.

Nor can the Company guarantee that it will be able to maintain the price level of its drugs over time or the accepted rate of reimbursement. In this respect, changes in the policies of countries allowing reimbursement of drugs may make such reimbursement even more difficult, longer or less profitable for the Company. Under these conditions, its revenues, profitability and outlook could be significantly affected.

Finally, products already approved may prove to be unsafe and may be withdrawn from the market at the request of health authorities, or may produce effects different from those initially anticipated, which could limit or prohibit their commercial use. The occurrence of some or all of these events could have a material adverse effect on the Company's business, results and prospects.

Although the Company is considering the advanced development of SENS-401 in partnership, the Phase 2 and Phase 3 clinical trials, as well as the preparation of its market launch and strict manufacturing conditions, require and will continue to require from Sensorion and its partners significant investments of time and financial resources, as well as the special attention of the Company's most qualified personnel. As a result, if Sensorion or its partner(s) do not receive marketing authorization in the targeted indications by the end of these steps, the Company's financial condition, results and prospects will be materially and adversely affected.

1.3.4.4 Risks related to patent and license portfolios

The protection offered by patents and other intellectual property rights is uncertain

The Company's business plan, and in particular the development of its drug candidates, depends, among other things, on its ability to obtain, maintain and enforce against third parties the protection of its patents and patent applications, trademarks and related applications, as well as its other intellectual property or similar rights (such as trade secrets, business secrets and know-how) or those it is authorized to use in the course of its business.

It is also important for the success of its business that the Company be able to obtain similar protection for all of its intellectual property rights in a sufficiently large geographical area, i.e. in Europe, the United States and other key countries (Canada, Japan, China and Korea). The Company devotes significant financial and human resources to this effort and intends to pursue its policy of protecting

its intellectual property rights by filing new patents whenever it deems it appropriate. The Company believes that its technology is currently effectively protected by patents and patent applications that it has filed, which it owns or co-owns, or for which it has an exclusive license.

However, the Company may not be able to maintain the protection of its intellectual property rights. In such an event, the Company would lose its technological and competitive advantage.

The Company's intellectual property rights provide protection for a term that may vary (for example, in the case of patents, the term is 20 years from the date of filing of the patent applications).

In addition, the Company may encounter difficulties in the filing and examination of certain of its patent, trademark or other intellectual property rights applications currently under examination/registration. Indeed, at the time a patent application is filed, other patents or patent applications may constitute an opposable anteriority but may not yet be published or, even if published, may not be known to the Company. Despite the prior art searches and the monitoring it conducts, the Company cannot be certain that it is the first to have filed a patent application. In particular, patent applications are published 18 months after the filing of the applications themselves (to date, no opposition to a patent application has been filed). Similarly, when one of its trademarks is filed in a country where it is not covered, the Company may find that the trademark in question is not available in that country. A new trademark would then have to be sought for the given country or an agreement negotiated with the owner of the prior sign. There can therefore be no assurance that the Company's current and future applications for patents, trademarks and other intellectual property rights will result in grants/registrations and that such rights will be effectively protected.

As a result, given the recent nature of the patent families that the Company wholly owns, it is not possible to determine at this time the scope of protection that could reasonably be granted.

Specific criteria are applicable in Europe to protect the therapeutic applications of known or new products. When only the therapeutic application is new compared to what was already known, or when the novelty of the application is new only in the context of treatment conditions (selection of sponsoring patient groups, particular administration regime...), the European Patent Office ("EPO") requires in principle that concrete elements in the form of experimental results be provided to grant protection to the application. In addition, the EPO sometimes asks for the demonstration of unexpected properties of the invention compared to what was known in the state of the art, in relation to related applications. These questions could arise in the course of the examination of the Company's patent applications. The scientific results obtained by the Company in the coming years may naturally support the arguments in favor of granting these patents.

The mere issuance of a patent, trademark or other intellectual property right does not guarantee its validity or enforceability. Any person with an interest in such rights could at any time challenge the validity or enforceability of patents, trademarks or related claims of the Company before a court or in other specific proceedings, which, depending on the outcome of such challenges, could reduce their scope or result in their invalidity.

Developments, changes or differing interpretations of the legal framework governing intellectual property in Europe, the United States or other countries could allow competitors to use the Company’s inventions or intellectual property rights and to develop the Company’s products and technologies without financial compensation. In addition, there are still certain countries that do not protect intellectual property rights in the same way as in Europe or the United States, in which the effective procedures and rules necessary to ensure the protection of the Company's rights may not exist. There can therefore be no assurance that the Company’s existing and future patents, trademarks and other intellectual property rights will not be challenged or invalidated, or that they will provide effective protection against competition and third-party patents covering similar inventions.

As a result, the Company's rights to its patents, trademarks, related applications and other intellectual property rights may not provide the expected protection against competition. The Company cannot guarantee that:

- the Company is able to obtain, at a reasonable cost and on terms acceptable to it, exclusive licensing rights to patents held in co-ownership by the co-owners;
- the Company can obtain licensing rights to patents owned by third parties on which its own patents or technologies are dependent, under financial terms and conditions

acceptable to the Company. Otherwise, the Company may have to interrupt or modify certain activities or processes (development, sales, use), or even develop or obtain alternative technologies;

- applications for patents and other rights owned, co-owned or licensed to the Company that are under review, including recent patent applications by the Company, will effectively result in the issuance of patents, trademarks or other registered intellectual property rights within a reasonable time, or that are issued with the scope necessary to protect the technology, in one or more jurisdictions, including in all territories identified as strategic by the Company;
- the Company will succeed in developing new inventions that could be the subject of a patent application or grant;
- patents or other intellectual property rights issued to the Company will not be challenged, invalidated or circumvented;
- the scope of protection conferred by patents, trademarks and other intellectual property rights of third parties rights will be effective against competition and third party patents, trademarks and intellectual property rights covering competing devices, products, technologies or developments.

The occurrence of one or more of these risks could have a significant adverse effect on the Company's business, prospects, financial situation, results and development.

The Company's ability to continue the development of some of its drug candidates is dependent on the continuation in force of the licenses entered into

The Company has entered into licenseagreement through its partnership, with:

- Institut Pasteur: partnership on gene therapy programs including aspects of intellectual property such as exclusive license granted to Sensorion to exploit the OTOF patents resulting from Institut Pasteur research.

These partnerships or licenses are essential to the development and future commercial exploitation of certain of the Company's R&D programs. The loss or significant modification of one or more of these partnership or license agreements could prevent the Company from achieving its objectives and thus have a significant adverse effect on its business, results, financial position and prospects.

The Company may infringe intellectual property rights held by third parties

The Company's success will depend in part on its ability to develop products or technologies that do not infringe on patents or other rights belonging to third parties. It is important for the success of our business that the Company be able to freely exploit its products without infringing on patents or other intellectual property rights and, conversely, without third parties infringing on its intellectual property rights or those of its partners and other licensors necessary for the development and operation of the R&D programs of the Company.

As a result, the Company cannot guarantee:

- that there are no patents or other prior rights, in particular intellectual property rights of third parties that may cover certain products, processes, technologies, results or activities of the Company and that, as a result, third parties are acting in counterfeit or violation of their rights against the Company with a view to obtaining, in particular, damages and/or the cessation of its manufacturing and/or marketing activities for products, processes and other products thus incriminated;
- that there are no trademark rights or other prior rights of third parties that could give rise to an action for infringement or liability against the Company; and/or
- that the Company's domain names will not be the subject of a UDRP ("Uniform Dispute Resolution Policy") or similar procedure or an infringement action by a third party that has prior rights (for example, trademark rights).

The growth of the research-based pharmaceutical industry and the corresponding increase in the number of patents filed increases the risk that the Company's products and technologies may infringe the rights of third parties, including intellectual property rights.

In the event of litigation regarding the intellectual property it uses, the Company may be required to:

- cease or cause to cease the development, sale or use of the product(s) that would depend on the disputed intellectual property;
- revise the design of some of its products/technologies or, in the case of trademark applications, rename its products, in order to avoid infringing on the intellectual property rights of third parties, which may prove impossible or time-consuming and costly, and could, in fact, impact the marketing efforts of the products concerned by the Company and/or its partners.

The Company therefore continues to carry out, as it has done to date, the preliminary studies it deems necessary in light of the aforementioned risks before making investments to develop its various products/technologies. In particular, the Company keeps a close watch on the business (particularly in terms of patent applications) of its competitors.

However, to date, the Company has not been confronted with any of these situations nor has it been involved in any litigation relating to the rights, in particular intellectual property rights, held by third parties.

The Company cannot guarantee the absence of infringement of intellectual property rights against it.

Monitoring the unauthorized use of the Company's drug candidates and technology and the infringement of its own intellectual property and other rights is sensitive

The Company cannot guarantee that it will be able to prevent and obtain compensation for misappropriation or unauthorized use of its drug candidates and technology, particularly in foreign countries where its rights would be less well protected due to the territorial scope of industrial property rights.

Third parties (or even employees of the Company) could use or attempt to use elements of the Company's technology that are protected by an intellectual property right, which would create a harmful situation for the Company. The Company could therefore be forced to take legal or administrative action against these third parties and/or employees in order to enforce its intellectual property rights (patents, trademarks, designs and models or domain names) in court.

Any litigation or dispute, regardless of its outcome, could result in substantial costs, affect the Company's reputation, adversely affect the Company's results and financial position and possibly not provide the protection or remedy sought. Competitors with greater resources than those of the Company may be better able to bear the costs of litigation.

However, to date, the Company has not been confronted with any of these situations nor has it been involved in any litigation relating to its rights, in particular intellectual property rights.

The Company may not be able to prevent disclosure of information by third parties or employees that could have an impact on its future intellectual property rights

It is important for the Company to guard against the unauthorized use and disclosure of its confidential information, know-how and trade secrets. Indeed, non-patented and/or non-patentable proprietary technologies, processes, methods, know-how and data are considered trade secrets, which the Company tries to protect in part through confidentiality agreements. In addition, the rules governing the devolution to the Company of inventions that its employees have made or may make, as well as their compensation terms, are governed by article L.611-7 of the French Intellectual Property Code, which is a matter of public policy.

In the context of collaboration, partnership, research or other types of cooperation agreements entered into by the Company with researchers from academic institutions as well as with other public or private entities, subcontractors, or any other third party, various information and/or products may be entrusted

to them, in particular in order to conduct certain tests and clinical trials. In such cases, the Company requires the signature of confidentiality agreements. In addition, the Company ensures that the collaboration, partnership or research contracts it signs give it full ownership or, at the very least, co-ownership of the results and/or inventions resulting from such collaboration, as long as it has effectively participated in the creation of the results and/or the invention. The Company also seeks, in the context of license agreements that it will sign with its partners, to maintain control over the management of patents or to grant licenses only in specific fields that it does not exploit.

It cannot be excluded that the agreements put in place to protect the Company's technology and trade secrets and/or the know-how put in place may not provide the protection sought or may be violated, that the Company may not have appropriate remedies against such violations, or that its trade secrets may be disclosed to or independently developed by its competitors. In addition, the Company has very limited control over the conditions under which the third parties with which it contracts, themselves use third parties, and protect its confidential information, regardless of the fact that the Company provides in its agreements with its co-contractors that they undertake to pass on these confidentiality obligations to their own co-contractors.

Such agreements therefore expose the Company to the risk that the third parties concerned may (i) claim the benefit of intellectual property rights on the Company's inventions or other intellectual property rights, (ii) fail to ensure the confidentiality of unpatented innovations or improvements to the Company's confidential information and know-how, (iii) disclose the Company's trade secrets to its competitors or independently develop such trade secrets and/or (iv) violate such agreements, without the Company having an appropriate remedy against such violations.

As a result, the Company's rights to its confidential information, trade secrets and know-how may not provide the expected protection against competition and the Company cannot guarantee:

- that its know-how and trade secrets may not be obtained, usurped, circumvented, transmitted without its authorization or used by unauthorized third parties;
- that the Company's competitors have not already developed technology, products or devices similar or similar in nature or purpose to those of the Company;
- that no other party to an agreement will claim the benefit of all or part of the intellectual property rights to inventions, knowledge or results that the Company owns or co-owns, or for which it may be required to obtain a license; or
- that employees of the Company will not claim rights or payment of additional compensation or a fair price for inventions in which they participated.

The occurrence of one or more of these risks could have a significant adverse effect on the Company's business, prospects, financial situation, results and development.

1.3.4.5 Product Liability Risks

The Company could be exposed to liability risks during the clinical development of its products (in particular, product liability related to the testing of therapeutic products in humans and animals). Its liability could thus be incurred by patients participating in clinical trials in connection with the development of the therapeutic products tested and due in particular to the unexpected side effects that could result from the administration of these products.

The Company could also be held liable during the commercialization phase of its products. Civil or criminal proceedings could be instituted against the Company by patients, regulatory agencies, pharmaceutical companies and any other third party using or marketing its products. These actions may include claims resulting from the acts of its partners, licensees and subcontractors, over which the Company has little or no control.

The Company cannot guarantee that its current insurance coverage is sufficient to respond to actions that may be brought against it, or to respond to an unexpected situation.

If its liability or that of its partners, licensees and subcontractors were thus called into question, if it or its partners, licensees and subcontractors were unable to obtain and maintain appropriate insurance coverage at an acceptable cost, or if the Company were unable to protect itself in any way against

liability claims, this would seriously affect the marketing of the Company's products and, more generally, adversely affect its business, results, financial position and development prospects.

1.3.4.6 Risks related to potential conflicts that may affect the company's relationship with potential licensees

As described above, the Company's strategy may involve licensing its drug candidates to pharmaceutical laboratories. The conclusion of such license agreements and their future could therefore be fundamental for the Company.

Conflicts may arise with licensees during the performance of the contracts between them and the Company, which could affect their continuation and, consequently, the manufacture and marketing of products developed by the Company. These conflicts may relate to the terms and conditions of the contracts or the proper performance by either party of its obligations under such contracts. Such conflicts of interest could significantly affect the Company's business, financial position, results, development and prospects.

1.3.5 Market risks

1.3.5.1 Credit risk

The Group manages its available cash prudently. The Group's cash and cash equivalents consist of cash held in current accounts and term deposits. As of December 31, 2024, the Group holds cash and term deposits amounted to €77.0 million, which are invested in risk-free investment products that are readily available or have a maturity of less than six months. Credit risk is associated with deposits held with banks and financial institutions. The Group uses leading financial institutions for its cash investments and, therefore, its cash is not exposed to any material credit risk.

1.3.5.2 Interest rate risk

The Group has no variable rate debt. Therefore, its debt repayments are not subject to interest rate risk.

The Group's only exposure to interest rate risk relates to the investment of cash in cash equivalents, which are comprised of term deposits, where the interest paid is determined by reference to ECB reference rates. The Group considers that any change of +/-1% would not have a material impact on its net income compared to the losses generated by its business operations

1.3.5.3 Exchange risk

The Group's strategy is to enter into contracts denominated in euros.

As of December 31, 2024, the Group considers that it is not exposed to material currency risk because only a relatively small share of its supplies and expenses are purchased outside the euro zone and invoiced in foreign currencies. Furthermore, The Group's cash is invested exclusively in euro-denominated investment products. Because the sums involved are not significant, at this stage in its business development, The Group has not set up any hedges to protect its business against currency fluctuations. The Group cannot rule out the possibility that a significant upturn in its business volumes may generate greater exposure to currency risk. In such case, The Group may consider implementing an appropriate policy to hedge this risk.

1.3.5.4 Equity risk

Other than treasury shares, the Group holds no marketable securities or investment instruments.

1.4. Insurance and risk coverage

The Company considers that its insurance policies adequately cover the insurable risks inherent in its business activities, and that its policy with respect to insurance is consistent with practices in its business sector. The Company has taken out insurance policies with insurance companies with a good financial rating that have been chosen for their ability to support The Company's development. The Company does not foresee any particular difficulty in maintaining adequate insurance levels in the future, subject to market conditions.

Nevertheless, The Company cannot guarantee that it will always be able to maintain or, if necessary, to obtain similar insurance coverage at an acceptable cost, which may oblige it to take out more expensive insurance policies and/or to assume greater risks, in particular as its business activities expand. The occurrence of one or more major losses, even if covered by its insurance policies, could seriously impact its business and financial position due to the interruption of its activities that such events could cause, the time periods required to obtain compensation from the insurance companies, the possibility that coverage limits may be exceeded, and the resulting increase in premiums. Current insurance policies cover comprehensive industrial risks, premises, the general and criminal liability of officers, professional and business liability, clinical trials, employees' vehicles during business travel, and personal assistance in the event of illness, serious injury or death on terms customarily applied in the industry.

1.5. Extraordinary events and disputes

During the 12-month period preceding the date of this document, The Company has not been involved in any administrative, criminal, judicial or arbitration proceedings that may have a material adverse impact on The Company, its business, financial position, earnings or expansion and that are not reflected in its financial statements. Furthermore, to The Company's knowledge, no exceptional event has occurred during the same period that would generate additional risk or additional unplanned costs for it.

1.6. Progress already made or difficulties encountered

Progress made and difficulties encountered are presented below.

1.7. Post-closing events

Since the end of the fiscal year, the key business updates are as follows:

On February 12, 2025, Sensorion announced the presentation of two posters during the Association for Research in Otolaryngology 48th Annual Midwinter Meeting, that took place on February 22-26, 2025, in Orlando, USA.

On February 21, 2025, Sensorion announced the positive recommendation from the Data Monitoring Committee (DMC) regarding the continuation of Audiogene, following the review of the safety data of the first cohort.

On March 7, 2025, Sensorion announced the end of patient enrollment in NOTOXIS, its Phase 2a POC clinical trial of SENS-401 in Cisplatin-Induced Ototoxicity.

1.8. Foreseeable changes in the Company's situation and future prospects

1.8.1.Strategy Update

Sensorion has received approval to initiate its lead gene therapy program, Audiogene, into a Phase 1/2 clinical trial of SENS-501 in some European countries (France as first country), in January 2024. This gene therapy is intended at restoring hearing in babies born deaf due to mutations in the gene coding for otoferlin. In December 2024, the Company announced the recruitment completion of the first

cohort of patients (infants and toddlers). Sensorion is now focused on the recruitment of patients in the second cohort in H1 2025.

Sensorion has advanced its gene therapy candidate to treat hearing loss related to mutations in GJB2 gene and is now conducting IND/CTA enabling studies. Sensorion expects to submit the CTA for GJB2-GT in Q1 2026.

The company has also progressed with its small molecule SENS-401 currently being assessed in two Phase 2a clinical trials. Sensorion completed its Phase 2 clinical trial to evaluate SENS-401 in combination with cochlear implantation and reported an analysis of the final results in September 2024. As for the second program assessing SENS-401 in Cisplatin-Induced Ototoxicity, the Company released preliminary data during the World Congress of Audiology, held in Paris, in September 2024.

Expected future milestones and estimated timelines:

- H1 2025 – SENS-501: Enrollment completion of the second cohort of patients in Audiogene trial and KOL event
- H2 2025 – SENS-401 in Cisplatin-Induced Ototoxicity: Topline results
- Q1 2026 – GJB2-GT: Clinical Trial Applications filing

Sensorion's strategy is to become one of the leading companies developing innovative treatments for inner ear diseases. Sensorion will continue to actively develop its small molecule now in clinical trial, to advance its gene therapy programs while conducting research within its screening technology platform. The Company also expects to pursue its strategy of discovering new research programs using Sensorion's proprietary technology platform, alone or in partnership with other companies

Like all biotechnology companies, the Company has sought, and continues to seek, financing solutions, primarily through industrial collaborations or licensing agreements with one or more manufacturers on one or more of its product candidates, but also through agreements for grants and/or repayable advances specifically related to the Company's research programs. These financing solutions could also take the following forms:

- debt, whether simple or debenture, convertible or not;
- new financing from historical shareholders;
- the search for investors in the context of a capital raising that could take the form of further capital increases (reserved or not) including via a listing on other reference financial markets abroad (such as Nasdaq, if market conditions so permit);

In addition, the Company may resize its operating plans, in particular by delaying or limiting the scope of its research and development programs.

1.8.2.The Company's Research and Development Activities

Sensorion is a biotechnology company specializing in the research of new drugs for the treatment of inner ear diseases. Research and development is the Company's core business.

Most of the expenses incurred by the Company, since its creation, relate to the development of its technology, the development of new drugs and the acquisition and registration of licenses and patents protecting its activities.

1.8.3.Research and development expenses

Research and development costs are expensed and are not capitalized as fixed assets, since the chances of technical success and commercial profitability are not proven in the medium term. The Company therefore recognizes these expenses in the income statement in the period in which they are incurred.

Group research and development expenses amounted to €25,664k in 2024 compared to €22,756k in 2023 mainly related to:

- Continuation of the clinical phase of SENS-401 to prevent Cisplatin Induced Ototoxicity (CIO) and residual hearing loss after cochlear implantation in partnership with external clinical research organizations (CROs)
- Continuation of research on two preclinical gene therapy programs targeting GJB2 and Otoferlin deficiency, two monogenic forms of hereditary deafness.

The portion of these costs eligible for the French research tax credit for the 2024 financial year amounted to €14,739k net of subsidies and conditional grants received.

A French research tax credit of €4,422k was accounted for in 2024.

1.8.4. Patents and licenses

Our ability to obtain patents in France, Europe, the United States and elsewhere in the world to protect our technologies, processes and products is fundamental to our ability to market our products on an exclusive basis. Sensorion's general policy is to strengthen its portfolio of technologies and products either by filing new patents itself or by gaining access, through collaborations and licensing agreements, to elements of technologies or products over which third parties may have rights. Where appropriate, the Company may also abandon patents when the costs of maintaining them exceed the expected future benefits or when the assumptions made therein are obsolete.

The Company currently has a portfolio of nine patent families.

In its dealings with third parties, Sensorion also relies on confidentiality agreements to protect its technology, drug candidates and trade secrets.

1.8.5. Debt Situation

The Group's debts according to consolidated IFRS financial statements amount to €17,138k as of December 31, 2024, compared to €13,227k as of December 31, 2023. The main elements break down as follows:

- Loans and debts from credit institutions: €1,240k as of December 31, 2024 compared to €1,991k on December 31, 2023 (government guaranteed loans and research, development, and innovation loan);
- Loans and various financial debts: €1,096k as of December 31, 2024 compared to €1,116k on December 31, 2023. These are refundable advances in the context of funding research projects;
- Rental debts: €874k as of December 31, 2024, compared to €874k as of December 31, 2023;
- Suppliers: €6,905k as of December 31, 2024 compared to €3,688k on December 31, 2023; and
- Other current liabilities: €3,854k as of December 31, 2024 compared to €4,582k on December 31, 2023.

1.9. Annual Presentation of Statutory Accounts

Annual statutory accounts for the year ending December 31st, 2024 which will be subjected to your approval have been prepared in accordance with the presentation rules and valuation methods provided by the regulation in force.

The presentation rules and valuation methods used are similar to those for the previous years.

Balance sheet, income statement and appendices are attached to this report.

Schedule including the results of the Company over the past 5 years is also attached in this report in accordance with the Article R. 225-102 of the French Commercial code (***Appendix 1***).

1.9.1.Economic and financial results consolidated accounts

Main items in the income statement for the year ended December 31st, 2024, are the following:

- revenue excluding VAT is zero as the previous year.
- other revenues excluding are €6,653k compared to €5,698k in the previous year; it is mainly composed of Research Tax Credit for France and Australia and grant Audinnove.
- operating expenses amounted to €35,054k compared to €28,008k for the previous year, which represents an increase of 25%.
- operating result is – €28,401k compared to – €22,310k for the previous year and represents a decrease of approximately 27%.
- headcount is 65 as of December 31, 2024, and increased compared to prior year.

With a financial result of €2,555k compared to €544k in FY2023 and a corporate income tax of -€126k the net result is – €25,972k compared to – €22,063k prior year.

As of December 31, 2024, shareholders' equity amounted to €72,138k and total balance sheet of the Company amounted to €89,277k compared to €46,502k prior year.

1.9.2.Economic and financial results statutory accounts

Main items in the income statement for the year ended December 31st, 2024, are the following:

- revenue excluding VAT is zero as the previous year.
- total of operating income amounted to 1,642k euros compared to 1,100k euros in the previous year;
- operating expenses amounted to 33,898k euros compared to 27,835k euros for the previous year, which represents an increase of 22 % primarily due to an increase of R&D activities on the gene therapy programs.
- operating result is – 32,255k euros compared to – 26,734k euros for the previous year, and represents a deterioration of 21 %.
- wages and salary amount 5,534k euros and 4,731k euros for the previous year and represents an increase of 17 % linked to an increase in headcounts.
- social charges amount to 2,564k euros compared to 2,072k euros the previous year; it represents an increase of 24%.
- headcount is 63 as of December 31, 2024, and increased compared to prior year.

With a financial result of 2,818k euros compared to 855k euros in FY2023, result before tax in 2024 is – 29,438k euros compared to – 25,879k euros prior year.

Considering the items above, the extraordinary result of 127k euros compared to 18k euros prior year and the research tax credit of 4,422k euros compared to 4,263k euros prior year, the net result shows a loss of 25,143k euros compared to a loss of 21,598k euros for prior year.

As of December 31, 2024, shareholders' equity amounted to 71,896k euros and total balance sheet of the Company amounted to 88,390k euros compared to 45,817k euros prior year.

1.9.3.Non-tax deductible expenses

Pursuant to the provisions of Articles 223 quater and 223 quinquies of the French General Tax Code, we hereby inform you that the financial statements for the past financial year don’t include any non-deductible expenses or charges referred.

1.9.4.Reminder of paid dividends

With the focus on financing the company's growth and development, and the company not making a profit, we remind you, in accordance with the provisions of Article 243 bis of the French General Tax Code, that no dividend has been paid since the Company's incorporation.

1.9.5.Information on payment terms

Pursuant the application of the French commercial code, we inform you about the breakdown, in accordance with the models established by the decree of March 20, 2017 of our suppliers and customers payment terms, with (i) the invoices received but not paid at the closing date of the fiscal year whose term is expired and (ii) the invoices issued but that were late in payment during the year.

	Article D 441-6, 1° of the french Commercial Code **Invoices received with VAT not paid at the closing date whose term is expired**				
	1 to 30 days	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 days and more)**
(A) **Portion with late payment**					
Number of invoices	50				
Total amount of invoices	727,670.64€	249,771.25 €	80,231.45 €	13,611.30 €	1,071,284.64€
Percentage of the total amount of purchases	2.6%	0.9%	0.3%	0.04%	3.8%
Percentage of revenue	NOT APPLICABLE				
(B) **Invoices excluded (A) related to litigious payables and receivables not recorded**					
Number of invoices excluded	NOT APPLICABLE				
Total amount of invoices excluded	NOT APPLICABLE				
(C) **Payment terms used (contractual or legal term)**					
Payment terms used to calculate late payment	30 days (contractual terms)				

	Article D 441-6, 1° of the french Commercial Code **Invoices issued with VAT not paid at the closing date whose term is expired**				
	1 to 30 days	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 days and more)**
(A) **Portion with late payment**					
Number of invoices	NOT APPLICABLE				
Total amount of invoices					
Percentage of the total amount of purchases					
Percentage of revenue					
(B) **Invoices excluded (A) related to litigious payables and receivables not recorded**					
Number of invoices excluded	NOT APPLICABLE				
Total amount of invoices excluded	NOT APPLICABLE				
(C) **Payment terms used (contractual or legal term)**					
Payment terms used to calculate late payment	NOT APPLICABLE				

1.10. Report on corporate governance

This report on corporate governance has been prepared in accordance with the provisions of Article L.225-37 of the French Commercial Code. It was approved by the Board of Directors in its meeting of 13 March 2025. Its purpose is, in particular, to report on the organisation and composition of the administrative, management and board bodies and the delegations of powers and authority granted to the Company's Board of Directors.

1.10.1. Terms and conditions of general management

In accordance with Article L.225-39 of the French Commercial Code, we remind you that your Board of Directors has decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer.

1.10.2. Agreements entered into by an officer or significant shareholder of the Company with a subsidiary

None.

1.10.3. Third party related agreements

The Company has put in place a procedure for regularly assessing whether the agreements relating to current transactions and entered into on arm's length terms referred to in Article L. 225-39 of the French Commercial Code meet these conditions. At the date of this report, this procedure had been implemented and the analysis confirmed that this was the case.

The following third party related agreement, already approved by the shareholders in previous financial years, continued during the financial year 2022: CEO mandate agreement concluded with Mrs. Nawal Ouzren, after authorization by the Board of Directors on April 12, 2017, continued during the financial year ended December 31, 2024. It is in the Company's interest to set the terms of remuneration for its Chief Executive Officer.

In addition, the acquisition of shares by the Invus/Artal group, Sofinnova Partner and Redmile on the occasion of the February and April 2024 private placements were considered as third party related agreements. It is in the Company's interest that cornerstone investors reinvest and show their support to the Company in order to support subscriptions and attract other investors.

1.10.4. Corporate Officers

1) *Designation of Corporate Officers*

As of the date of this report, the Directors are:

- **Mr. Khalil Barrage**, also Chairman ad-interim,
- **Mrs. Nawal Ouzren**, also CEO,
- **Redmile Bipharma Investments III LP**, represented by Natalie Berner,
- **Mr. Aniz Girach**,
- **Health Opportunities**, represented by Mr. Eric Forquenot de la Fortelle,
- **Sofinnova Partners**, represented by Mr. Cédric Moreau,
- **Mr. John Furey**,
- **Mr. Julien Miara**
- **Mr. Federico Mingozzi**
- **Mr. Florian Reinaud**, observer

2) Independent Directors

The Company considers that it is independent in accordance with the independence criteria defined by the MiddleNext Code:

- Mr. Eric Forquenot de la Fortelle, representing Health Opportunities,
- Mr. John Furey,
- Mr. Aniz Girach, and
- Mr. Federico Mingozzi.

An independent director meets the following criteria set out in the Middlenext Corporate Governance Code as revised in September 2021:

- He or she must not, during the previous five years, have been an employee or executive officer of the company or any of its affiliates;
- Not to have been, during the last two years, and not to be in a significant business relationship with the company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- Not be a reference shareholder of the Company or hold a significant percentage of voting rights;
- Not to have a close family relationship with a corporate officer or a reference shareholder;
- Not to have been the company's statutory auditor for the last six years.

The company assesses the independence of directors when they are first appointed. This assessment is also reviewed by the Board of Directors each year prior to publication of the annual report. Provided it justifies its position, the Board may consider that one of its members is independent even though he or she does not meet all these criteria; conversely, it may also consider that one of its members who does meet all these criteria is not independent.

3) Status of Directors' terms of office

The terms of office of **Mrs. Nawal Ouzren** and **Mr. Julien Miara**, were renewed pursuant to the decisions of the Shareholders' Meeting of May 24, 2023 for a period of three years, i.e. until the end of the Shareholders' Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

Sofinnova Partners, Mr. Khalil Barrage, Mr. John Furey and **Mr. Aniz Girach** were renewed pursuant to the decisions of the Shareholders' Meeting of May 31, 2022 for a term of three years, i.e. until the end of the shareholders' meeting to be held in 2025 to approve the financial statements for the year ending 31 December 2024.

The mandate of **Health Opportunities** was renewed under the terms of the decisions of the shareholders' meeting held on 29 May 2024, for a new period of three (3) years, i.e. until the end of the general meeting of shareholders held in 2027 to approve the accounts for the financial year ending 31 December 2026.

Redmile was provisionally appointed as a Director by the Board of Directors on August 3, 2023 and this appointment has been confirmed pursuant to the decisions of the Shareholders' Meeting of December 20, 2023 until the end of the Shareholders' Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

Mr. Federico Mingozzi was provisionally appointed as director by the Board of Directors on January 24, 2024 and this appointment has been confirmed pursuant to the decisions of the Shareholders' Meeting of May 29, 2024 until the end of the Shareholders' Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

Mr. Florian Reinaud was appointed by the Shareholders' Meeting of December 20, 2023 as an observer (*censeur*, non-voting member) of the Board of Directors, for a term of three (3) years, i.e. until the Shareholders' Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

Summary of directors' status

At the date of this report, the terms of office of the directors are as follows:

Name surname, corporate name	Independency	Date of first appointment (shareholders meeting)	Term of mandate	Main position within the company	Expertise brought
Khalil Barrage	NO	29/07/2019	AGM approving the 2024 accounts	Director, chairman of the board, member of the Remuneration Committee	Finance and US
John Furey	YES	20/05/2020	AGM approving the 2024 accounts	Director, Chairman of the Remuneration committee	biotech and US
Aniz Girach	YES	31/05/2022	AGM approving the 2024 accounts	Director	Science
Health Opportunities	YES	24/02/2012	AGM approving the 2026 accounts	Director, chairman of the Audit Committee	Finance and Asia
Julien Miara	NO	29/07/2019	AGM approving the 2025 accounts	Director, member of the Audit Committee	Finance
Federico Mingozzi	YES	29/05/2024	AGM approving the 2025 accounts	Director	Science
Nawal Ouzren	NO	30/05/2017	AGM approving the 2025 accounts	Director, CEO	biotech
Redmile Group LLC	NO	20/12/2023	AGM approving the	Director	Finance and US

			2025 accounts		
Florian Reinaud	NO	20/12/2023	AGM approving the 2025 accounts	Observer	Finance
Sofinnova Partners	NO	29/07/2019	AGM approving the 2024 accounts	Director, member of the Remuneration Committee	Finance

This table confirms that directors' renewal is staggered over several years.

Changes in Board and Committee membership during fiscal 2024:

	Departure	**Appointment**	**Renewal**
Board of directors	J. Blimbaum (24/01)	F. Mingozzi (24/01)	Health Opportunities (29/05)
Audit Committee	N/A	N/A	N/A
Remuneration and governance Committee	N/A	N/A	N/A

4) ***Status of the CEOs' term of office***

Mrs. Nawal Ouzren was appointed as Chief Executive Officer pursuant to the decisions of the Board of Directors on April 12, 2017 and renewed for five (5) years by the Board of directors held on 31 May 2022, i.e. until the end of the General Meeting of shareholders to be held in 2027 to approve the financial statements for the year ending 31 December 2026.

5) ***Mandates and functions performed by corporate officers***

In accordance with the provisions of Article L. 225-37-4 1° of the French Commercial Code, the list of offices and positions held by corporate officers in other companies during the past financial year is set out in **Appendix 2** to this report.

6) Organisation of the Board of directors

The organisation of the Board of Directors is set out in the Articles of Association (Articles 15 et seq.). It is supplemented by the provisions of the Internal Regulations.

The Internal Regulations in force are the Regulations as updated by decision of the Board of Directors on April 12, 2017. The complete version of the Board of Directors' Internal Regulations can be consulted on the Company's website. The Internal Rules contain all the provisions relating to the

allocation of governance between the Company's various bodies. They set out in detail the powers of the Board of Directors and all its committees, as well as those of the Chairman of the Board of Directors and the Chief Executive Officer. The Internal Regulations also contain rules of professional conduct detailing all the principles to be observed by the Company's directors, in particular with regard to insider trading and market transactions.

In addition to the mandatory Board meetings (to approve the annual and half-yearly financial statements), the Board may also hold meetings as required by the progress of business.

During 2024, the Company's Board of Directors met 17 times:

- January 24 (2023 objectives, corporate governance)
- February 8 (launch of a private placement)
- March 13 (2023 financial statements)
- March 28 (principle of private placement extension)
- April 5 (completion of private placement)
- April 10 (organization of Combined General Meeting, grant of stock options)
- May 16 (Board information, subsidiary in the UK, budget)
- June 20 (exercise of stock options and share subscription warrants, grant of share subscription warrants)
- July 1 (grant of stock options)
- July 10 (program information, risk audit, budget)
- July 24 (program information)
- July 31 (program information, financial update)
- September 17 (first-half 2024 consolidated financial statements, financial update)
- October 9 (program information, financial update, Board self-assessment, director bonuses)
- October 22 (program information)
- November 22 (program information, financial update)
- December 20 (program information, financial update)

The average attendance rate of Board members was 96%.

A non-executive session is organized at each Board meeting.

At its meeting on March 13, 2025, the Board of Directors took note of the points set out in the “points de vigilance” section of the Middlenext Code.

The performance of the Board of Directors is assessed annually, in the form of a self-assessment carried out under the guidance of an external consultant. This assessment covers the Board's composition, organization and operation. On this occasion, the Board devotes an item of discussion to its functioning.

1.10.5. Specialised Committees

1) *Audit Committee*

At the date of this report, members of the Audit Committee are:

- **Mr. Eric Forquenot de la Fortelle**, also Chairman, and
- **Mr. Julien Miara**

Renewed under the terms of the decisions of the Board of Directors on May 31, 2022 for a period of three years.

The committee met five times in 2024:

- March 12 (2023 financial statements, budget),
- May 13 (cash flow plan, budget) and
- July 9 (review of risk matrix, financing plan)
- September 16 (review of first-half accounts, cash position).
- December 2 (2025 budget, financing).

2) *Remuneration Committee*

At the date of this report, members of the Remuneration Committee are:

- **Mr. John Furey**, also Chairman since March 30, 2023, renewed under the terms of the decisions of the Board of Directors on September 6, 2022 for a period of three years.
- **Mr. Khalil Barrage**, and
- **Mr. Cédric Moreau**,

appointed under the terms of the decisions of the Board of Directors on May 31, 2022 for a period of three years.

This committee met three times in 2024:

April 5 (on the review of 2023 targets and the definition of 2024 targets and the granting of stock options),
May 13 (recruitment plan) and
December 16 (review of 2025 targets, definition of 2025 targets and granting of stock options).

1.10.6. Stock-Options and free shares granted to Corporate Officers

The Board of Directors has not imposed any restrictions on the Stock-Options and free share grants, with the exception of the retention of shares by Mrs. Nawal Ouzren, Chief Executive Officer:

- at least 20% of the free shares granted until April 12, 2020,
- at least 10% of the free shares granted until the end of her term of office,
- at least 5% of the shares resulting from the exercise of Stock-Options until the end of his term of office.

1.10.7. MiddleNext reference corporate governance code

In order to comply with the requirements of Article L. 22-10-10 of the French Commercial Code, the Company has designated the Corporate Governance Code as published by MiddleNext on its website www.middlenext.com (the "*MiddleNext Code*") as its reference code.

The Board of Directors acknowledged the elements presented in the "points of vigilance" section of the Middlenext Code.

The table below details the progress of the Company's reflections on the application of the principles of the MiddleNext Code:

- the Company believes that it complies with the recommendations of the MiddleNext Code set out in the table under the heading "Applied";
- the Company is currently considering the recommendations of the MiddleNext Code with which it believes it does not currently comply and which are listed in the table under the heading "Not applied".

MiddleNext Code recommendations	Applied	Not applied
I. "Supervisory" body		
R1 : Conduct of Board members	X	
R2 : Conflicts of interest	X	
R3 : Composition of the Board – Presence of independent members on the Board	X	
R4 : Reporting to Board Members	X	
R5: training of the Board Members		X(1)
R65 : Organisation of Board and Committee meetings	X	
R7 : Board Committees	X	
R8: implementation of the specialized committee on Corporate Social Responsibility (CSR)		X(2)
R9 : Internal rules for the Board	X	
R10 : Selection of each Board member	X	
R11 : Terms of office of Board members	X	
R12 : Remuneration of Board members	X	
R13 : Assessment of the Board's work	X	
R14 : Relations with shareholders	X	
II. Executive power		
R15: Diversity and equity policy within the company		X (3)
R16 : Definition and transparency of remuneration paid to executive corporate officers	X	
R17 : Succession planning for executives		X (4)
R18 : Combination of an employment contract and role as corporate officer	X	
R19 : Severance pay	X	
R20 : Supplementary pension plan	NA	NA (5)
R21 : Stock-Options and bonus share awards	X	
R22 : Review of areas for attention	X	

1) R5: the Company considers that the profile, experience and professional environment of the members of the Board of Directors allows them to be up to date with corporate governance obligations and best practices on their own.

(2) R8: The Company considers that given its size and field of activity, a CSR Committee is not justified. CSR matters are dealt with at the level of the Remuneration and Governance Committee, which reports to the Board of directors.

(3) R15: The Company is aware of the lack of gender balance on the Board of Directors. The Board takes this criterion into account when selecting directors, even if it is not the main criterion. The Board favors profiles based primarily on the skills and experience of candidates, and wishes to take the time to analyze the consequences of such a policy. With regard to Group employees, the Company also aims to achieve a balance between men and women, and this has already been achieved, with 48 women and 17 men in the Group's salaried workforce.

(4) R17: The Company has not put in place a management succession plan, considering the quality of the members of the Board of Directors and the management team to fill in on an interim basis in case of unforeseen vacancies.

(5) R20: the Company has not and does not intend to set up a supplementary pension scheme for executives.

1.10.8. Delegations of authority and powers granted to the Board of Directors

In accordance with the provisions of article L. 225-37-4 of the French Commercial Code, a table summarizing the valid delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors in connection with capital increases is attached as ***Appendix 3*** to this report, showing their use during the past financial year and since the beginning of the current financial year.

We remind you that in connection with the use of these delegations of authority, the Board of Directors has, in accordance with the provisions of Article R. 225-116 of the French Commercial Code, prepared additional reports, which are presented to you in the context of this meeting. The additional reports by the auditor on the use of these delegations will also be presented.

1.11. Statutory auditor

1.11.1. Status of the Statutory Auditor's mandates

The General Meeting of May 31, 2022 decided to renew:

- ERNST & YOUNG AUDIT as Statutory Auditor, and

- AUDITEX as Substitute Auditor,

for a period of six (6) financial years, expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2027.

1.11.2. Audit of the Statutory Auditor

The Statutory Auditor will present his report on the annual accounts in accordance with the French accounting framework, his report on consolidated accounts with the IFRS accounting framework and his report on the third party related agreements.

1.12. Compensation of corporate officers

1.12.1. Executive compensation

Given the Company's structure, which consists solely of a Chief Executive Officer, the Company is unable to disclose all executive compensation, as this would result in disclosing the individual compensation of the Chief Executive Officer.

Mrs Ouzren is remunerated as Chief Executive Officer and does not combine this position with an employment contract.

1.12.2. *Remuneration of Directors (ex attendance fees)*

The general shareholders' meeting of May 31, 2022 set at €250,000 the amount of Directors' fees to be allocated to the members of the Board of Directors and the various committees for the financial year 2022, as well as for each subsequent financial year, until otherwise decided by the ordinary general shareholders' meeting.

In FY2024, the directors received a total of 202,968 euros (excluding exceptional variable compensation).

1.13. Composition of share capital

1.13.1. Share capital

At December 31, 2024, the Company's share capital of €30,050,122.60 consisted of 300,501,226 shares with a par value of €0.10 each. Taking into account the 16,000 options exercised which were not the subject of a capital increase decision by the Board of Directors at the end of 2024, the share capital amounts to 30,066,122.60 euros and is made up of 300,661,226 shares with a par value of 0.10 euro each.

1.13.2. Voting rights

In accordance with Article 14 of the Company's bylaws, no double voting rights are attached to shares, regardless of the length of time they have been held in registered form by a shareholder.

1.13.3. Identity of shareholders holding more than 5 %, 10 %, 15 %, 20 %, 25 %, 33 1/3 %, 50 %, 66 2/3 %, 90 % et 95 % of the share capital or voting rights as of December 31, 2024

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, and based on the information received pursuant to Articles L. 233-7 and L. 233-12 of the same Code, we disclose below the identity of shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% and 95% of the share capital or voting rights at December 31, 2024.

	Shares	**Voting Rights**
FYNVEUR (ARTAL INTERNATIONAL)	> 25 %	> 25 %
REDMILE GROUP LLC	> 20 %	> 20 %
SOFINNOVA PARTNERS	> 15 %	> 15 %

1.13.4. Transactions carried out by managers on their securities

With the exception of transactions relating to the capital increases referred to in Appendix 3, for which subscribers are represented on the Board of Directors by individual directors, the company has not been informed of transactions in excess of €20,000 during the calendar year carried out on the Company's shares by directors, senior managers and related parties.

1.13.5. Securities giving access to the capital

Capitalization at December 31, 2024:

	Non-diluted basis		Fully diluted basis (2)	
	Number of shares	Equity holding	Number of fully diluted shares	Equity holding
Fynveur / Artal International	80,980,547	26.93%	80,980,547	24.54%
Redmile Group LLC	66,052,590	21.97%	83,909,733	25.42%
Sofinnova Partners	54,337,460	18.07%	54,337,460	16.46%
WuXi AppTec	5,249,608	1.75%	5,249,608	1.59%
3SBio	4,055,150	1.35%	4,055,150	1.23%
Innobio	3,499,874	1.16%	3,499,874	1.06%
SONOVA AG	2,941,176	0.98%	2,941,176	0.89%
Cochlear	533,755	0.18%	533,755	0.16%
Management, employees, directors (1)	162,667	0.05%	10,675,729	3.23%
Treasury shares	173,701	0.06%	173,701	0.05%
Floating (including former officers and directors)	82,674,698	27.50%	83,674,698	25.35%
Total	**300,661,226**	**100.00%**	**330,031,431**	**100.00%**

(1) Including 160,000 free shares allocated on May 29,2018

(2) Including securities giving access to the capital and stock-options described below

At December 31, 2024, outstanding securities giving access to the capital and stock-options (founders' share warrants, equity warrants and Options described in paragraph VI.6) give the right to subscribe to 29,370,205 new shares.

Dilution table at December 31, 2024

In respect of the table below and at December 31, 2024:

- the **Non-Diluted Reference** corresponds to shares in circulation only, i.e. **300,661,226** shares
- the **Diluted Reference** corresponds to **330,031,431** shares, i.e. Non-Diluted Reference and 29,370,205 shares resulting from the possible exercise of the founders' warrants, equity warrants and Options outstanding

Description of dilutive instruments	Number of shares	Dilution as per Diluted Reference
outstanding founders' warrants, equity warrants and Options	29 370 205	8.90%

Dilution for a shareholder holding 1 % of the capital

	Before dilution	**After dilution**
Diluted Reference	1.00%	0.91%

Capitalization at the date of this report:

	Non-diluted basis		Fully diluted basis (2)	
	Number of shares	Equity holding	Number of fully diluted shares	Equity holding
Fynveur / Artal International	80,980,547	26.93%	80,980,547	24.25%
Redmile Group LLC	66,052,590	21.97%	83,909,733	25.13%
Sofinnova Partners	54,337,460	18.07%	54,337,460	16.27%
WuXi AppTec	5,249,608	1.75%	5,249,608	1.57%
3SBio	4,055,150	1.35%	4,055,150	1.21%
Innobio	3,499,874	1.16%	3,499,874	1.05%
SONOVA AG	2,941,176	0.98%	2,941,176	0.88%
Cochlear	533,755	0.18%	533,755	0.16%
Management, employees, directors (1)	162,667	0.05%	14,525,078	4,35%
Treasury shares	175,837	0.06%	175,837	0.05%
Floating (including former officers and directors)	82,672,552	27.50%	83,672,552	25.06%
Total	**300,661,226**	**100.00%**	**333,880,780**	**100.00%**

(1) Including 160,000 free shares allocated on May 29,2018

(2) Including securities giving access to the capital and stock-options described below

At the date of this report, outstanding securities giving access to the capital and stock-options (founders' share warrants and equity warrants described in paragraph VI.6) give the right to subscribe to 33,219,554 new shares.

Dilution table at the date of this report

In respect of the table below and at the date of this report:

- the **Non-Diluted Reference** corresponds to shares in circulation only, i.e. **330 661 226** shares
- the **Diluted Reference** corresponds to **333 880 780** shares, i.e. Non-Diluted Reference and 33 219 554 shares resulting from the possible exercise of the founders' warrants, equity warrants and Options outstanding

Description of dilutive instruments	Number of shares	Dilution as per Diluted Reference
outstanding founders' warrants and equity warrants	33 219 554	9,95%

Dilution for a shareholder holding 1 % of the capital

	Before Dilution	**After Dilution**
Diluted Reference	1.00%	0,90%

1.13.6. Special report on Stock-Options granted or exercised during the year

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, we hereby inform you of the transactions carried out pursuant to the provisions of Articles L. 225-177 to L. 225-186 of the French Commercial Code.

Two plans for the subscription of new shares and two warrants' plans were set up in 2024.

Stock subscription and purchase options granted or exercised in 2024 - Corporate Officers

	PLAN 2 BSA 2023	**PLAN 1 BSA 2024**
Grant date	24/01/2024	20/06/2024
Nature of stock-option	BSA	BSA
Number of beneficiaries	1	4
Number of stock-options/shares granted	250 000	270 268
Performance conditions	No	No
Condition of présence	Yes	Yes

Vesting time by 1/3 over 3 years	Yes	Yes
Strike price	0.47 €	0.74 €
Expiry date	24/01/2031	20/06/2031
Number of stock-options/shares exercised during the year	0	0
Number of stock-options/shares cancelled during the year	0	0
Number of stock-options/shares exercisable as of 12.31.2024	250 000	270 268

Stock subscription and purchase options granted or exercised in 2024 – Managers

	PLAN 2 OPTIONS 2023	**PLAN 1 OPTIONS 2024**
Grant date	10/04/2024	01/07/2024
Nature of stock-option	SO	SO
Number of beneficiaries	2	1
Number of stock-options/shares granted	1 250 000	500 000
Performance conditions	No	No
Condition of présence	Yes	Yes
Vesting time by 1/3 over 3 years	Yes	Yes
Strike price	0.8086 €	0.6854 €
Expiry date	10/04/2031	01/07/2031
Number of stock-options/shares exercised during the year	0	0
Number of stock-options/shares cancelled during the year	0	0
Number of stock-options/shares exercisable as of 12.31.2024	1 250 000	500 000

Stock subscription and purchase options granted or exercised in 2024 – Employees and Consultants – excluding Managers

	PLAN 2 OPTIONS 2023	**PLAN 1 OPTIONS 2024**
Grant date	10/04/2024	01/07/2024
Nature of stock-option	SO	SO

Number of beneficiaries	47	1
Number of stock-options/shares granted	2 495 000	15 000
Performance conditions	No	No
Condition of présence	Yes	Yes
Vesting time by 1/3 over 3 years	Yes	Yes
Strike price	0.8086 €	0.6854 €
Expiry date	10/04/2031	01/07/2031
Number of stock-options/shares exercised during the year	0	0
Number of stock-options/shares cancelled during the year	27 500	0
Number of stock-options/shares exercisable as of 12.31.2024	2 467 500	15 000

1.13.7. Special report on Stock-Options granted or exercised at the date of this report

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, we hereby inform you of the transactions carried out pursuant to the provisions of Articles L. 225-177 to L. 225-186 of the French Commercial Code.

One plan for the subscription of new shares was set up in 2025.

Stock subscription and purchase options granted or exercised in 2025 - Corporate Officers

	PLAN OPTIONS 2024-2
Grant date	04/03/2025
Nature of stock-option	SO
Number of beneficiaries	1
Number of stock-options/shares granted	1 000 000
Performance conditions	No
Condition of présence	Yes
Vesting time by 1/3 over 3 years	Yes
Strike price	0.6235 €
Expiry date	04/03/2032
Number of stock-options/shares exercised during the year	0

Number of stock-options/shares cancelled during the year	0
Number of stock-options/shares exercisable as of 12.31.2024	1 000 000

Stock subscription and purchase options granted or exercised in 2025 - Managers

	PLAN OPTIONS 2024-2
Grant date	04/03/2025
Nature of stock-option	SO
Number of beneficiaries	1
Number of stock-options/shares granted	2 960 009
Performance conditions	No
Condition of présence	Yes
Vesting time by 1/3 over 3 years	Yes
Strike price	0.6235 €
Expiry date	04/03/2032
Number of stock-options/shares exercised during the year	0
Number of stock-options/shares cancelled during the year	0
Number of stock-options/shares exercisable as of 12.31.2024	2 960 009

1.13.8. Grant of free shares

On May 30, 2017, the Board of Directors, pursuant to the authorization granted to it by the Shareholders' Meeting of April 29, 2016 under the terms of the 22nd resolution, proceeded with the allocation of 160,000 free shares to the benefit of Mrs. Nawal Ouzren, in her capacity as Chief Executive Officer.

The vesting period set at one (1) year ended on May 29, 2018, with definitive vesting having taken place on May 30, 2018.

Mrs. Nawal Ouzren shall retain:

- at least 20% of the free shares, i.e. 32,000 shares, until April 12, 2020,
- at least 10% of the free shares, i.e. 16,000 shares, until the end of his term of office.

1.13.9. Participation of employees in the capital

At the closing date of the past financial year, Employees did not hold any registered shares in the Company coming from an employee share plan, as the Company has not set up a collective share management system.

1.13.10. Subsidiaries, affiliates and controlled companies

At the closing date of the past financial year, the Company owned three subsidiaries: one in the USA (Sensorion Inc.), one in Australia (Sensorion Australia Pty Ltd) and one in UK (Sensorion Limited).

Companies	Country	Group control in %
Sensorion SA	France	Parent company
Sensorion Inc.	United States	100%
Sensorion Australia Pty Ltd	Australia	100%
Sensorion Limited	United Kingdom	100%

It did not own other interest in other companies.

	Share capital	Reserves & retained earnings (deficit) before appropriation of profit (loss)	Percent interest	Gross value of shares	Net value of shares	Outstanding loans and advances by the Company	Guarantees given by the Company	Latest published net sales	Latest published operating income	Latest published profit or loss	Dividends received by the Company during the year
(In thousands of euros)											
Sensorion Pharmaceuticals, Inc.	US$ 100	€(332)k	100%	€87	€87	€359k	-	-	€586k	€(21)k	
Sensorion Australia Pty, Ltd	AU$ 1	€122k	100%	€1	€1	€170k	-	-	€685k	€125k	
Sensorion UK, Ltd	£100	-	100%	€117	€117	-	-	-	0	€20k	
As of December 31, 2024											

1.14. Reciprocal shareholders between companies

We inform you that the Company does not hold any reciprocal interests.

1.15. Share Buy Backs Programs

The shareholder's general meeting of the company dated by May, 29, 2024, approved the Board of Directors to implement for a period of eighteen (18) months after the general meeting, a liquidity contract for the company under the terms of articles L. 225-209 and after of the French Commercial Code.

The Board of Directors used this delegation of authorities to implement this liquidity contract according to the code of ethics recognized by the AMF, signed with the company Kepler Cheuvreux.

During the year ended December 31st, 2024, the company proceeded to the following operations in the framework of the liquidity contract:

• ordinary shares purchased during the year	435 609
• ordinary shares sold during the year	435 525
• volume-weighted average share price of purchases	0.74€
• volume-weighted average share price of sales	0.75€
• amount of trading costs	N/A
• number of shares hold by the company as of December 31, 2023	173 617
• number of shares hold by the company as of December 31, 2024	173 701
• nominal value of shares	0.10€
• percentage of share capital as of December 31st, 2024	0.06%

As of June 30, 2024, in the half-year report of the liquidity contract, the following assets appeared on the liquidity account:

- 160 932 ordinary shares
- 33,029.55 €

As of December 31, 2024, in the annual report of the liquidity contract, the following assets appeared on the liquidity account:

- 173 701 ordinary shares
- 14,205.05 €

* * *

*

For the Board of Directors

Mr. Khalil Barrage

2. APPENDICES

2.1. APPENDIX 1

Table of the last five years results (in thousand of euros)

(Article r. 225-102 of the French Commercial Code)

Nature of Indications / Periods	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Duration of the financial year	12 months	12 months	12 months	12 months	12 months
a) Share capital	30 066	18,708	7,994	7,994	7,974
b) Number of shares outstanding	300 661 226	187,080 794	79,937 938	79,938 918	79,740 228
c) Number of convertible bonds	0	0	0	0	175
a) Revenues excluding tax	0	0	0	0	0
b) Profit before tax, amortization & provisions	-27,244	-25,290	-25,522	-16,690	-10,210
c) Income tax	-4,422	-4,263	-3,654	-2,921	-1,858

d) Profit after tax, before amortization & provisions	-22,822	-21,026	-21,868	-13,769	-8,351
e) Profit after tax, amortization & provisions	-25,143	-21,598	-22,840	-14,126	-8,596
f) Amount of profit paid outs	0	0	0	0	0
g) Employee profit sharing	0	0	0	0	0

c) Dividend per share	0	0	0	0	0

a) Number of employees	63	57	46	39	28
b) Payroll expense	5,534	4,731	3,928	3,256	2,365
c) Amount paid for employee benefits	2,564	2,072	1,560	1,627	1,001

2.2. APPENDIX 2

LIST OF MANDATES AND FUNCTIONS HELD BY CORPORATE OFFICERS

(ARTICLE L. 225-37-4 1° OF THE FRENCH COMMERCIAL CODE)

As at 31 December 2024

	Mandates in the Company	**Mandates or functions held in other companies**
Mr. Khalil Barrage	Interim Chairman of the Board and Director Member of the Remuneration Committee	Director of Protagenic Therapeutics Inc. (United-States) Director of Orthobond (United-States) Director of Elevate Director of Valerio Therapeutics SA
Mrs. Nawal Ouzren	CEO and Director	Director of Croda (UK)
Mr. Eric Forquenot de la Fortelle	Representative of Health Opportunities (Director) Member and Chairman of the Audit Committee	CEO of Health Opportunities GmbH (Switzerland) Board member, Ganymed Robotics SAS (France) Board member, Kojin Therapeutics (United-States)
Health Opportunities GmbH	Director	None

	Mandates in the Company	Mandates or functions held in other companies
Mrs. Natalie Berner	Representative of Redmile Group LLC (Director) Member of the R&D Committee	Director of BioInvent International AB Director of Redx Pharma Ltd
Redmile Group LLC	Director	
Mr. Julien Miara	Director Member of the Audit Committee	CEO and Director of Valerio Therapeutics SA Chairman of Valour Bio SAS Director of Versity SA
Mr. Cédric Moreau	Representative of Sofinnova Partners (Director) Member of Remuneration Committee	Director of Gensight SA Director of Mainstay Medical plcDirector of Association Life Sciences Acceleration Alliance (LSAA) Member of the Endowment fund Health Tech For Care (HTFC)
Sofinnova Partners	Director	
Dr. Aniz Girach	Director Chair R&D Committee	Employee at ProQR Therapeutics (NL) Director, Chair R&D Committee at Panangium Therapeutics (UK)
Mr. John Furey	Director Member and Chairman of Remuneration Committee	CEO and Director of Imvax Director of Adapimune (ADAP) Independent director of Vaxcyte (US)

	Mandates in the Company	Mandates or functions held in other companies
Mr. Federico Mingozzi	Director	Director and treasurer in the board of the American Society for Cell and Gene Therapy

2.3 APPENDIX 3

SUMMARY TABLE OF DELEGATIONS VALIDLY GRANTED TO THE BOARD OF DIRECTORS IN CONNECTION WITH AN INCREASE IN SHARE CAPITAL

(ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE)

Resolution reference	Purpose of the resolutions of the General Meeting on May 24, 2023	Upper limit (nominal value)	Validly period	Use
21th Resolution	**Authorization granted to the Board of Directors to grant stock options (Options 2023) in employees and officers**	**€400,000** **Independent limit**	**38 months** **Until July 24, 2026**	**Board of 10.04.2024: grant of 3,745,000 Options 2023-2**

Resolution reference	Purpose of the resolutions of the General Meeting on December 20, 2023	Upper limit (nominal value)	Validly period	Use
8th Resolution	Delegation of authority to the Board of Directors to decide on the issue of shares and/or securities giving immediate or future access to the share capital or giving entitlement to a debt security, **with cancellation of the shareholders' preferential subscription right in favour of categories of beneficiaries**	Nominal amount of the capital increases: 20 M€ *	18 months Until June 20, 2025	**Board of 08.02.2024** Issuance of 88.594.737 new shares **Board of 05.04.2024** Issuance of 24,574,694 new shares ***The remaining not used pursuant to this resolution is cancelled by virtue of the 11th resolution of the shareholders meeting dated 29/05/2024***

Resolution reference	Purpose of the resolutions of the General Meeting on May 29, 2024	Upper limit (nominal value)	Validly period	Use
9th Resolution	Delegation of authority granted to the Board of Directors to decide on the issue of shares and/or securities giving immediate or future access to the share capital or giving entitlement to a debt security, **with cancellation of the shareholders' preferential subscription right and public offering**, excluding the offers referred to in 1° of Article L. 411-2 of the Monetary and Financial Code	Nominal amount of the capital increases: 25 M€ * Nominal amount of bonds and other debt securities	26 months Until July 29, 2026	no

		giving access to the capital: 25 M € **		
10th Resolution	Delegation of authority to be granted to the Board of Directors to decide on the issue of shares and/or securities giving immediate or future access to the share capital or giving entitlement to a debt security, **with cancellation of the preferential subscription right**, as part of an offer referred to in 1° of Article L. 411-2 of the Monetary and Financial Code	Nominal amount of the capital increases: 25 M€ * Nominal amount of bonds and other debt securities giving access to the capital: 25 M € **	26 months Until July 29, 2026	no
11th Resolution	Delegation of authority to the Board of Directors to decide on the issue of shares and/or securities giving immediate or future access to the share capital or giving entitlement to a debt security, **with cancellation of the shareholders' preferential subscription right in favour of categories of beneficiaries**	Nominal amount of the capital increases: 25 M€ *	18 months Until November 29, 2025	no
12th Resolution	Delegation of authority to the Board of Directors to decide on the issue of financial instruments consisting of and/or giving the right (upon exercise of warrants) to debt securities giving access to the Company's capital to which share warrants are attached, **with cancellation of the shareholders' preferential subscription right in favour of a category of persons** in accordance with Article L. 225-138 of the Commercial Code	Nominal amount of the capital increases: 25 M€ * Nominal amount of bonds and other debt securities giving access to the capital: 25 M € **	18 months Until November 29, 2025	no

13th Resolution	Delegation of authority to the Board of Directors to decide on the issue, **with preferential subscription rights**, of shares and/or securities giving immediate or future access to the capital or giving entitlement to a debt security	Nominal amount of the capital increases: 25 M€ * Nominal amount of bonds and other debt securities giving access to the capital: 25 M € **	26 months Until July 29, 2026	no
14th Resolution	Delegation of authority to the Board of Directors to decide to increase the share capital by capitalisation of premiums, reserves, profits or other	Nominal amount of the capital increases: 25 M€ *	26 months Until July 29, 2026	no
15th Resolution	Authorisation to be given to the Board of Directors to increase the number of shares issued in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code, in the event of implementation of the delegations of authority with maintenance or cancellation of the preferential subscription right, as the case may be (**Over-allotment Option**)	15% of the initial issue	26 months Until July 29, 2026	no
17th Resolution	Authorization granted to the Board of Directors to proceed with the issue of warrants (**BSA 2024**) in favor of a category of persons	€700,000 *** Independent limit	18 months Until November 29, 2025	No
18th Resolution	Authorization granted to the Board of Directors to proceed with the issue of founders' warrants (**BSPCE 2024)** in favor of a category of persons	€700,000 *** Independent limit	18 months Until November 29, 2025	no

19th Resolution	Authorization granted to the Board of Directors to grant stock options (**Options 2024**) in employees and officers	€700,000 *** Independent limit	38 months Until July 29, 2027	Board of 01.07.2024: grant of 515,000 Options 2024 Board of 28.01.2025/CEO decision of 04.03.2025: grant of 3,960,009 Options 2024-2
20th Resolution	Authorization granted to the Board of Directors to proceed with the allocation of free shares to be issued or existing shares in favor of the members of the salaried employees and executive officers (**AGA 2024**)	€70,000 *** Independent limit	38 months Until July 29, 2027	no

* The nominal amount of the authorized capital increase upper limit will be deducted from the global authorized upper limit of €25,000,000 in the 16th Resolution of the General Meeting on May 29, 2024.

** The nominal amount of the upper limit of the bonds and other debt securities giving access to the capital authorized will be deducted from the global authorized upper limit of €25,000,000 in the 16th Resolution of the General Meeting on May 29, 2024.

*** Non-common ceiling, which does not count against the individual amount of each financial instrument or against the overall ceiling of €25,000,000 authorised in the 16th Resolution of the General Meeting of May 29, 2024. Besides, the use of these delegations may not result in the total number of shares resulting from the exercise of BSPCEs, BSAs, Stock-Options and free shares held by the Company's employees, directors, corporate officers and consultants representing more than 10% of the share capital on a fully diluted basis.

3. ANNUAL ACCOUNTS AS OF DECEMBER 31, 2024 IN ACCORDANCE WITH IFRS AND REPORT OF STATUTORY AUDITORS

A French *société anonyme* (corporation) with share capital of €30,050,122.60

Registered office: 375 rue du Professeur Joseph Blayac

34080 Montpellier

Financial statements as of December 31, 2024, presented in accordance with IFRS

ERNST & YOUNG Audit
14, rue du Vieux Faubourg
59042 Lille cedex

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www.ey.com/fr

Sensorion

Year ended December 31, 2024

Statutory auditor's report on the consolidated financial statements

To the Annual General Meeting of Sensorion,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Sensorion for the year ended December 31, 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with the professional standard relating to a statutory auditor's six-year engagement entrusted by small businesses. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under this standard are further described in the *Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2024 to the date of our report.

S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Société de Commissaires aux Comptes
Société d'expertise comptable inscrite au Tableau
de l'Ordre de la Région Lille Nord Pas de Calais

Siège social : 1-2, place des Saisons - 92400 Courbevoie - Paris-La Défense 1

Justification of Assessments

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you that, in our professional judgment, the most significant assessments we made were related to the appropriateness of the accounting policies used, to the reasonableness of the significant accounting estimates and to the overall presentation of the consolidated financial statements.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with the professional standard relating to a statutory auditor's six-year engagement entrusted by small businesses, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the professional standard relating to a statutory auditor's six-year engagement entrusted by small businesses will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with the professional standard relating to a statutory auditor's six-year engagement entrusted by small businesses, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Lille, March 13, 2025

The Statutory Auditor
French original signed by
ERNST & YOUNG Audit

Sandrine Ledez

Consolidated statement of profit or loss and other comprehensive income

(*All amounts are in thousands of euros, unless stated otherwise*)

	Notes	Year ended December 31, 2024	Year ended December 31, 2023
Other operating income	**4**	6,653	5,698
Research and development expenses	**5**	(25,664)	(22,755)
Overhead expenses	**5**	(9,390)	(5,253)
Operating loss		**(28,401)**	**(22,310)**
Financial income	**6**	2,886	709
Financial expenses	**6**	(331)	(165)
Net financial income		**2,555**	**544**
Income tax expense	**7**	(126)	(297)
Net loss for the period		**(25,972)**	**(22,063)**
Basic/diluted loss per share (in euros per share)	**20**	(0.09)	(0.18)
Weighted average number of shares outstanding used to calculate basic/diluted loss per share		283,969,129	122,501,538

(All amounts are in thousands of euros, unless stated otherwise)

	Notes	Year ended December 31, 2024	Year ended December 31, 2023
Net loss for the period		**(25,972)**	**(22,063)**
Currency translation differences		(27)	18
Items that may be reclassified subsequently to profit or loss		**(27)**	**18**
Remeasurement gains or losses on defined benefit obligations	**15**	162	(40)
Items that may not be reclassified subsequently to profit or loss		**162**	**(40)**
Other Comprehensive loss		**134**	**(22)**
Total comprehensive loss		**(25,837)**	**(22,085)**

Consolidated statement of financial position

(IN THOUSANDS OF EUROS)

ASSETS	Notes	As of December 31, 2024	As of December 31, 2023
Non-current assets			
Intangible assets	**8**	746	506
Property, plant and equipment	**9**	1,671	1,939
Rights-of-use assets	**10**	1,034	683
Non-current financial assets		123	108
Total non-current assets		**3,574**	**3,236**
Current assets			
Other current assets	**11**	18,934	6,292
Cash and cash equivalents	**12**	66,769	36,974
Total current assets		**85,703**	**43,266**
TOTAL ASSETS		**89,277**	**46,502**
EQUITY AND LIABILITIES			
Equity			
Share capital	**13**	30,066	18,708
Additional paid-in-capital	**13**	103,907	73,190
Treasury shares	**13**	(82)	(86)
Retained earnings		(61,931)	(58,581)
Other reserves		178	44
Total equity		**72,138**	**33,275**
Non-current liabilities			
Other non-current financial liabilities	**14**	1,005	878
Long term debt	**14**	573	1,238
Non-current lease liabilities	**14**	452	553
Provisions for retirement benefit obligations	**15**	222	281
Other non-current liabilities[1]	**16**	1,234	696
Total non-current liabilities		**3,486**	**3,646**
Current liabilities			
Other current financial liabilities	**14**	91	237
Short term debt	**14**	667	753
Current lease liabilities	**14**	422	321
Provisions	**15**	1,714	-
Trade payables and related accounts	**16**	6,905	3,688
Other current liabilities[1]	**16**	3,854	4,582
Total current liabilities		**13,653**	**9,581**
TOTAL EQUITY AND LIABILITIES		**89,277**	**46,502**

1. Revision described in Note 2.5.

Consolidated statement of cash flow

(IN THOUSANDS OF EUROS)

	Year ended December 31, 2024	Year ended December 31, 2023
Cash flows used in operating activities		
Net loss for the period	(25,972)	(22,063)
Elimination of other non-cash income and expenses		
Amortization of intangible assets	178	167
Depreciation of property, plant and equipment and right-of-use assets	982	788
Amortization of retirement pension obligations	97	73
Allowance for provisions	1,714	-
Share-based payment plan expenses	1,024	298
Interest expenses	157	55
Interest income	(2,879)	(708)
Interest received	2,665	708
Income tax expenses	126	297
Foreign currency gains (losses)	(8)	54
Effect of unwinding the discount related to conditional advances	174	55
Non-cash movements in grants related to conditional advances	-	(64)
Other	(176)	(2)
Cash flows used in operating activities before change in working capital	**(21,918)**	**(20,342)**
Decrease (increase) in other current assets	(2,438)	2,953
Increase (decrease) in trade payables and related accounts	3,216	(3,631)
Increase (decrease) in tax and social security liability	404	404
Increase (decrease) in deferred income	(672)	(145)
Increase (decrease) in other liabilities	78	(8)
Changes in operating working capital	**588**	**(427)**
Net cash used in operating activities	**(21,330)**	**(20,769)**
Cash flows used in investment activities		
Purchases of property, plant and equipment	(705)	(657)
Purchases of intangible assets	(416)	(213)
Other cash flows used in investing activities	(14)	(6)
Term deposit investment	(10,000)	-
Net cash provided (used in) investment activities	**(11,135)**	**(876)**
Cash flows provided by financing activities		
Share capital increase, including premiums	66,116	30,000
Transaction costs on share capital increase	(4,198)	(261)
Warrants issued	1,756	3,490
Interest paid	(74)	(47)
Proceeds from conditional advances	-	785
Repayments of loans and conditional advances	(893)	(1,130)
Repayments of lease liabilities	(446)	(410)
Net cash provided by financing activities	**62,261**	**32,427**
Impact of changes in exchange rates	-	(12)
Net increase in cash and cash equivalents	**29,796**	**10,770**
Net cash and cash equivalents at beginning of period	36,974	26,204
Net cash and cash equivalents at end of period	**66,770**	**36,974**

Consolidated statement of changes in equity

(IN THOUSANDS OF EUROS, EXCEPT NUMBER OF SHARES)

	Number of shares issued	Share capital	Additional paid-in-capital	Treasury shares	Retained earnings/(accumulated deficits) or equivalent	Other reserves	Total equity
At January 1, 2023	**79,937,938**	**7,994**	**50,676**	**(81)**	**(36,770)**	**66**	**21,885**
Net loss for the period					(22,063)		(22,063)
Other comprehensive loss						(22)	(22)
Total comprehensive loss		**-**	**-**	**-**	**(22,063)**	**(22)**	**(22,085)**
Issue of ordinary shares in connection with private placement	107,142,856	10,714	19,286				30,000
Issue of pre-funded warrants			3,490				3,490
Transaction costs related to the issue of share capital			(262)				(262)
Treasury share transactions				(5)			(5)
Share-based payment expense					298		298
Other					(46)		(46)
At December 31, 2023	**187,080,794**	**18,708**	**73,190**	**(86)**	**(58,581)**	**44**	**33,275**

	Number of shares issued	Share capital	Additional paid-in-capital	Treasury shares	Retained earnings/(accumulated deficits) or equivalent	Other reserves	Total equity
At January 1, 2024	**187,080,794**	**18,708**	**73,190**	**(86)**	**(58,581)**	**44**	**33,275**
Net loss for the period			(21,598)		(4,374)		(25,972)
Other comprehensive loss						134	134
Total comprehensive loss		**-**	**(21,598)**		**(4,374)**	**134**	**(25,838)**
Issue of ordinary shares in connection with private placement	113,169,431	11,317	54,664				65,981
Issue of pre-funded warrants			1,756				1,756
Transaction costs related to the issue of share capital			(4,198)				(4,198)
Treasury share transactions				4			4
Share-based payment expense					1,024		1,024
Exercise of warrants and stock options	411,001	41	93				134
At December 31, 2024	**300,661,226**	**30,066**	**103,907**	**(82)**	**(61,931)**	**178**	**72,138**

Note 1. Significant events

1.1 The Company

Sensorion is a pioneering clinical-stage biotech company, which specializes in the development of novel therapies to restore, treat and prevent hearing loss disorders, a significant global unmet medical need. The consolidated financial statements of the company Sensorion include Sensorion S.A, Sensorion Inc, Sensorion Australia Pty and Sensorion Ltd (the group is designated as "Sensorion" or the "Company" or the "Group").

Sensorion has built a unique R&D technology platform to expand its understanding of the pathophysiology and etiology of inner ear related diseases, enabling it to select the best targets and mechanisms of action for drug candidates.

It has two gene therapy programs aimed at correcting hereditary monogenic forms of deafness, developed in the framework of its broad strategic collaboration focused on the genetics of hearing with the Institut Pasteur. SENS-501 (OTOF-GT) targets deafness caused by mutations of the gene encoding for otoferlin and is currently developed in a Phase 1/2 clinical study, and GJB2-GT targets hearing loss related to mutations in GJB2 gene to potentially address important hearing loss segments in adults and children. The Company is also working on the identification of biomarkers to improve diagnosis of these underserved illnesses.

Sensorion's portfolio also comprises programs of a clinical-stage small molecule, SENS-401 (Arazasetron), for the treatment and prevention of hearing loss disorders. Sensorion's small molecule progresses in a Phase 2 proof of concept clinical study of SENS-401 in Cisplatin-Induced Ototoxicity (CIO) for the preservation of residual hearing. Sensorion, with partner Cochlear Limited, completed in 2024 a Phase 2a study of SENS-401 for the residual hearing preservation in patients scheduled for cochlear implantation. A Phase 2 study of SENS-401 was also completed in Sudden Sensorineural Hearing Loss (SSNHL) in January 2022.

In May 2024, Sensorion incorporated Sensorion Limited, a wholly owned subsidiary in the United Kingdom, with the object to support local activities for Sensorion.

1.2 Financing

As of December 31, 2024, the Company's share capital totaled €30,066 thousand, representing 300,661,226 shares with a par value of €0.10 each.

As of December 31, 2024, the Company had €66.8 million of available cash and cash equivalents (see Note 12 Cash and cash equivalents) and €10.2 million of short term deposit, accessible prior to the expiration of the term upon 32 days written notice and considered by the Group as liquid and easily available (see Note 11 Other current assets).

As of the date of authorization of the issuance of these consolidated financial statements, based on its expenditure forecasts, the cash and cash equivalents and the term deposit included in "other current assets" as of December 31, 2024, the Group deems that it is in a position to finance its activities until the end of the first quarter of 2026 , a period in excess of twelve months from December 2024. The Group believes that it will not be exposed to a liquidity risk in the next twelve months.

1.3 Governance

On January 24, 2024, the Company announced the appointment of Dr Federico Mingozzi as board member.

On June 27, 2024, the Company announced the appointment of Laurène Danon as Chief Financial Officer.

1.4 Share-based payments

On January 24, 2024, the Board of Directors decided to grant the following incentives:

- 250,000 share warrants ("BSA 2023") to Company directors, with a subscription price of €0.47.

On April 10, 2024, the Board of Directors decided to grant the following incentives:

- 3,745,000 stock options ("SO 2023-2") to employees and the CEO, with a subscription price of €0.8086.

On June 20, 2024, the Board of Directors decided to grant the following incentives:

- 270,268 share warrants ("BSA 2024") to Company directors, with a subscription price of €0.74.

On July 1, 2024, the Board of Directors decided to grant the following incentives:

- 515,000 stock options ("SO 2024-1") to employees, with a subscription price of €0.6854.

The plans are described in Note 13.2 "Shares warrants, founders' warrants and stock options".

1.5 Research and development

Sensorion has received approval to initiate its lead gene therapy program, Audiogene, into a Phase 1/2 clinical trial of SENS-501 in some European countries (France as first country), in January 2024. This gene therapy is intended at restoring hearing in babies born deaf due to mutations in the gene coding for otoferlin. In December 2024, the Company announced the recruitment completion of the first cohort of patients (infants and toddlers). Sensorion is now focused on the recruitment of patients in the second cohort in H1 2025.

Sensorion has advanced its gene therapy candidate to treat hearing loss related to mutations in GJB2 gene and is now conducting preclinical IND/CTA enabling studies. Sensorion expects to submit the CTA for GJB2-GT in the first quarter of 2026.

The company has also progressed with its small molecule SENS-401 currently being assessed in two Phase 2a clinical trials. Sensorion completed its Phase 2 clinical trial to evaluate SENS-401 in combination with cochlear implantation and reported an analysis of the final results in September 2024. As for the second program assessing SENS-401 in Cisplatin-Induced Ototoxicity, the Company released preliminary data during the World Congress of Audiology, held in Paris, in September 2024. Sensorion announced the end of patient recruitment in its Phase 2a trial of SENS-401 CIO on March 7, 2025.

Gene Therapies for Hereditary Monogenic Hearing Loss

SENS-501: Gene therapy program to restore hearing in OTOF patients

Sensorion's SENS-501 dual vector AAV (adeno-associated virus) gene therapy development product aims at restoring hearing in patients with mutations in OTOF gene who suffer from severe to profound sensorineural prelingual non syndromic hearing loss. Otoferlin related hearing loss is responsible for up to 8% of all cases of congenital hearing loss, with around 20,000 people affected in the US and Europe.

On January 19, 2024, Sensorion announced the approval to initiate the Phase 1/2 gene therapy clinical trial of SENS-501, Audiogene. The study design consists of two cohorts of two doses followed by an expansion cohort at the selected dose. While the safety will be the primary endpoint for the dose escalation cohort, the auditory brainstem response (ABR) will be the primary efficacy endpoint of the dose expansion cohort. Audiogene will also assess the clinical safety, performance, and usability of the administration device system developed by Sensorion. Additionally, Sensorion received the European Medicines Agency's decision agreeing on a Pediatric Investigation Plan (PIP) for SENS-501, in September 2024.

In September 2024, Sensorion reported the injection of the first patient recruited in the Audiogene trial, and reported initial safety data of the first patient during the symposium it held during the World Congress of Audiology,.

In December 2024, Sensorion announced the patient recruitment completion of the first cohort of patients in the Audiogene study, with all first three toddlers and infants having received an injection of the gene therapy product, SENS-501.

Sensorion expects the second cohort of patient recruitment completion in H1 2025.

GJB2-GT: Gene therapy program to restore hearing in GJB2 patients

Sensorion's AAV-based GJB2 gene therapy program, initiated in 2021 and developed in collaboration with the Institut Pasteur, has the potential to address three pathologies related to GJB2 mutations: early onset of presbycusis in adults, progressive forms of hearing loss in children, and pediatric congenital deafness.

The Company provided GJB2-GT Proof-of-Concept data at the European Society of Cell & Gene Therapy (ESGCT), which took place on October 22-25, 2024, Rome, Italy. Sensorion is advancing the candidate into CTA/IND-enabling activities for anticipated submission in the first quarter of 2026.

SENS-401, Sensorion's small molecule for the prevention of hearing loss

SENS-401 (Arazasetron) is a small molecule that Sensorion develops in three indications: (i) to treat Sudden Sensorineural Hearing Loss SSNHL (Phase 2b completed), (ii) to prevent residual hearing loss following cochlear implantation, in partnership with Cochlear Limited (Phase 2a completed), and (iii) to prevent Cisplatin-Induced Ototoxicity (Phase 2a ongoing). SENS-401 is an orally available small molecule that aims at protecting and preserving inner ear tissue from damage, responsible for hearing impairment. SENS-401 has been granted Orphan Drug Designation by in Europe for the treatment of SSNHL, and in the U.S. for the prevention of Cisplatin-Induced Ototoxicity in pediatric population.

SENS-401 to prevent residual hearing loss after cochlear implantation

Sensorion's Phase 2a Proof of Concept clinical trial of SENS-401 in association with cochlear implantation was a multicentric, randomized, controlled open-label trial aimed at evaluating the presence of SENS-401 in the cochlea (perilymph) after 7 days of twice-daily oral administration in adult patients prior to cochlear implantation due to moderately severe to profound hearing impairment. Patients started treatment with SENS-401 7 days before implantation and continued to receive SENS-401 for a further 42 days. This study has been developed in collaboration with Cochlear Limited, the global leader in implantable hearing solutions.

On February 1, 2024, Sensorion announced the completion of patient inclusion in the Phase 2a POC clinical trial.

On March 11, 2024, Sensorion announced that the primary endpoint was met with the confirmation of presence of SENS-401 in the perilymph at a level compatible with potential therapeutic efficacy in 100% of the patients sampled, 7 days after the start of the treatment.

On September 20, 2024, study investigator Professor Stephen O'Leary, M.D., Ph.D., during the symposium organized by Sensorion at the World Congress of Audiology, and Professor Christophe Vincent in a dedicated session on auditory implants for adults, reported analysis of Sensorion's final data of SENS-401. After 7 weeks of treatment with SENS-401 (and 6 weeks after cochlear implantation), the reduction in residual hearing loss was systematically better at the 3 frequencies 250, 500 & 750Hz in the group treated with SENS-401. This protective effect was maintained 8 weeks after cessation of treatment (14 weeks after cochlear implantation). The results show that patients treated with SENS-401 have 'complete' hearing preservation (40% of patients) compared with the control group (0% of patients) according to the Skarzynski index. In addition, the favorable safety profile of SENS-401 has been validated, in line with previous studies on SENS-401.

SENS-401 to prevent Cisplatin Induced Ototoxicity (CIO)

Cisplatin and other platinum-based compounds are essential chemotherapeutic agents in the treatment of many cancers. A serious side effect of these therapies is ototoxicity, permanent and irreversible hearing loss, which occurs in 40 to 60% of adult and pediatric patients treated. This indication represents a significant unmet medical need for patients and constitutes a potential large global market.

The Phase 2a Proof-of-Concept (POC) NOTOXIS trial is a multicenter, randomized, controlled, open-label study, designed to evaluate the efficacy of SENS-401 to prevent ototoxicity induced by cisplatin in adult patients with a neoplastic disease 4 weeks after the completion of cisplatin-based chemotherapy. The trial

assesses several outcome measures, including the rate and severity of ototoxicity, the change from baseline in Pure Tone Audiometry (PTA) (dB) throughout the study and the tolerance.

On July 23, 2024, Sensorion announced a positive recommendation from the Data Safety Monitoring Board (DSMB) regarding the continuation of NOTOXIS.

On September 20, 2024, Professor Yann Nguyen reported preliminary safety and efficacy data in Sensorion's NOTOXIS trial, during the World Congress of Audiology. The preliminary data show that a cumulative dose of cisplatin is a key factor of ototoxicity severity. A good safety profile of SENS-401 is confirmed in the long term, with the drug being administered for the first time for an average duration of up to 23 weeks. The preliminary results suggest a trend toward an otoprotective effect of SENS-401 beyond a cisplatin dose of 300 mg/m2. Despite significant exposure to cisplatin in the treatment group, most participants showed only mild ototoxicity.

Expected future milestones and estimated timelines

- First semester of 2025 - SENS-501: Enrollment completion of the second cohort of patients in Audiogene trial and KOL event
- Second semester of 2025 - SENS-401 in Cisplatin-Induced Ototoxicity: Topline results
- First quarter of 2026 - GJB2-GT: Clinical Trial Applications filing

Note 2. Basis of preparation and declaration of compliance

2.1 Basis of preparation

The financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated. Calculations, however, are based on exact figures; therefore, the numbers in a given table column may not add up to the total figure displayed in that column.

Statement of compliance

The balance sheet date of the annual financial statements is December 31.

The consolidated financial statements as of December 31, 2024, were approved by the Board of Directors on March 13, 2025.

These 2024 consolidated financial statements have been prepared in accordance with both International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and IFRS as adopted by the European Union ("EU") regulation no. 1606/2002 of July 19, 2002. The term "IFRS" refers collectively to International Accounting Standards ("IAS") and IFRS as well as the interpretations issued by the Standing Interpretations Committee ("SIC") and the International Financial Reporting Interpretations Committee ("IFRIC"), whose application is mandatory.

Going Concern

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. See Note 3.16 "*Material accounting estimates and judgments"*.

New, revised or amended Standards and Interpretations effective as of December 31, 2024

• Amendments to IAS 1 – "Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants", applicable to annual reporting periods beginning on or after January 1, 2024; and

• Amendments to IAS 7 – "Statement of Cash Flows" and IFRS 7 – "Financial Instruments: Disclosures – Supplier Finance Agreements", applicable to annual reporting periods beginning on or after January 1, 2024; and

• Amendments to IFRS 16 – "Leases: Lease Liability in a Sale and Leaseback", applicable to annual reporting periods beginning on or after January 1, 2024; and

The Group assessed the impacts resulting from the application of these issued accounting pronouncements and concluded that the impacts were not material.

New standards, amendments and interpretations issued by IASB but not yet mandatory for financial years starting from January 1, 2024.

The new and amended standards and interpretations that have been issued, but that are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group did not elect to early apply the following new standards, amendments and interpretations, which were issued but not mandatory as of December 31, 2024:

• Amendments to IAS 21 – "The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability", applicable to annual reporting periods beginning on or after January 1, 2025; and

• Amendments to IFRS 1 – "First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter", applicable to annual reporting periods beginning on or after January 1, 2026; and

• Amendments to IFRS 7 – "Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments, and Gain or Loss on Derecognition", applicable to annual reporting periods beginning on or after January 1, 2026; and

• Amendments to IFRS 9 – "Financial Instruments – Classification and Measurement of Financial Instruments, Derecognition of Lease Liabilities, Transaction price", applicable to annual reporting periods beginning on or after January 1, 2026; and

• Amendments to IFRS 10 – "Consolidated Financial Statements – Determination of a 'De Facto Agent'", applicable to annual reporting periods beginning on or after January 1, 2026; and

• Amendments to IAS 7 – "Statement of Cash Flows – Investments in subsidiaries, associates and joint ventures", applicable to annual reporting periods beginning on or after January 1, 2026; and

• IFRS 18 – "Presentation and Disclosure in Financial Statements", applicable to annual reporting periods beginning on or after January 1, 2027; and

• IFRS 19 – "Subsidiaries without Public Accountability: Disclosures", applicable to annual reporting periods beginning on or after January 1, 2027.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The Group is currently assessing the impacts resulting from the application of these issued accounting pronouncements to determine if their impacts are material.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent and its subsidiaries for the year ended December 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the

consolidated financial statements from the date the Group gains control of the subsidiary until the date the Group ceases to control it.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income. Any investment retained is recognized at fair value.

2.3 Group companies

As of December 31, 2024, the Group comprised the following entities:

Companies	**Country**	**Group control in %**
Sensorion SA	France	Parent company
Sensorion Inc	United States	100%
Sensorion Australia Pty Ltd	Australia	100%
Sensorion Limited	United Kingdom	100%

	Date of incorporation	**Percent of Ownership Interest**	**Accounting Method**
Sensorion Inc.	June 2021	100%	Fully Consolidated
Sensorion Australia Pty Ltd.	July 2021	100%	Fully Consolidated
Sensorion Limited	May 2024	100%	Fully Consolidated

As of December 31, 2024, the scope of consolidation consisted of four entities, the parent, Sensorion SA and its wholly-owned subsidiaries, Sensorion Inc., Sensorion Australia Pty Ltd. and Sensorion Limited for which no non-controlling interest is recognized.

Foreign currency translation

Functional and presentation currency

The Company's consolidated financial statements are presented in euros, which is also the functional currency of Sensorion SA. The functional currency of Sensorion Inc. is the U.S. dollar, that of Sensorion Australia Pty Ltd. is the Australian dollar and Sensorion Ltd in Pound. All amounts presented in these notes to the consolidated financial statements are expressed in euros unless otherwise stated.

Translation of financial statements into presentation currency

The results and financial position of foreign operations with a functional currency different from the presentation currency are translated into euros, the presentation currency, as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet;

- Income and expenses for each statement of income (loss) and statement of comprehensive income (loss) are translated at average exchange rates (which is an approximate value of the exchange rate on the

transaction date in the absence of significant fluctuations. Income and expenses are translated at the transaction dates if the exchange rates fluctuate significantly); and

- All resulting exchange differences are recognized in other comprehensive income.

Exchange rate (USD per EUR)	As of December 31, 2024	As of December 31, 2023
Average exchange rate for the year	1.0824	1.0816
Exchange rate at year end	1.0389	1.105

Exchange rate (AUD per EUR)	As of December 31, 2024	As of December 31, 2023
Average exchange rate for the year	1.6397	1.6285
Exchange rate at year end	1.6772	1.6263

Exchange rate (GBP per EUR)	As of December 31, 2024	As of December 31, 2023
Average exchange rate for the year	0.8405	N/A
Exchange rate at year end	0.8292	N/A

2.5 Presentation of error

During the year ended December 31, 2024, the Company determined that an error existed in its previously issued consolidated financial statements. As of December 31, 2023, the Company had classified the deferred income recognized from the prepayment made by Sonova for the first milestone payment under the agreement entirely within Other Non-Current Liabilities, based on the expectation that the respective milestone would be completed after the end of the 2024 financial year. Consequently, the Company did not account for the anticipated progress toward milestone completion before December 31, 2024, and therefore did not classify the corresponding portion of the deferred income within Other Current Liabilities on that date. The Company revised the accompanying historical consolidated financial statements for the year ended December 31, 2023 to reflect the classification of deferred income recognized in connection with the Study and Co-Development Agreement with Sonova AG.

The following table represents the revision to the Company's Consolidated Statement of Financial Position as of December 31, 2023:

(in thousands of euros)	At December 31, 2023, issued	Reclassification	At December 31, 2023, revised
Other non-current liabilities	-	(696)	(696)
Other current liabilities	(5,278)	696	(4,582)

There was no impact on the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Statement of Income (Loss), nor the Consolidated Statement of Cash Flows for the year-ended December 31, 2023.

Note 3. Accounting policies

3.1 Intangibles assets

In accordance with IAS 38, intangible assets acquired are recognized as assets on the balance sheet at their acquisition cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Research and Development Costs

Research costs are systematically expensed.

In accordance with IAS 38, development costs are recognized as intangible assets only if all of the following criteria are met:

- the technical feasibility needed to complete the development project is established;
- the Company's intention is to complete the project and use it;
- the Company has the ability to use the intangible asset;
- the Company is able to demonstrate that the asset will generate probable future economic benefits;
- the Company has the technical, financial and other resources to complete the project; and
- the development costs can be measured reliably.

The initial measurement of the asset is the sum of expenses incurred starting on the date on which the development project meets the above criteria. Because of the risks and uncertainties related to regulatory authorizations and to the research and development process, the Company believes that the six criteria stipulated by IAS 38 have not yet been fulfilled to date and the application of this principle has resulted in all development costs being expensed as incurred in all periods presented.

Patents

Costs in connection with the acquisition of patents are capitalized on the basis of acquisition costs incurred.

These costs are amortized on a straight-line basis over the period of use, which is estimated at five years, with the exception of the Palau license, which is amortized over 14 years.

Licenses

Costs in connection with the acquisition of licenses are capitalized on the basis of costs incurred to acquire the rights of use.

These costs are amortized on a straight-line basis over a period equal to their legal protection period or their useful life, whichever is shorter.

3.2 Property, plant and equipment

Property, plant and equipment are recognized at their acquisition cost or, if applicable, their production cost.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Improvements to leased premises are depreciated over the shorter of their specific useful lives or the term of the lease.

The following depreciation periods are applied:

- Fixtures and improvements to buildings: 3 to 10 years
- Laboratory equipment: 3 to 5 years
- Furniture: 5 years
- Office and computer equipment: 3 to 5 years

The useful lives of property, plant and equipment as well as any residual values are reviewed at each year-end and, in the event of a significant change, the amount of depreciation is revised prospectively.

3.3 Financial instruments

IFRS 9 — "Financial Instruments", which has been in effect since fiscal 2018, addresses the three aspects of accounting for financial instruments:

- Classification and measurement;
- Impairment;
- Hedge accounting.

Loans and borrowings are initially recognized at fair value (less attributable transaction costs) and subsequently measured at amortized cost using the effective interest (EIR) method. For additional information, please refer to Note 3.8 "*Research Tax Credit, Grants and Conditional Advances"*.

3.4 Recoverable Amount of Non-Current Intangible and Tangible Assets

Tangible and intangible non-current assets with a finite life are tested for impairment if the recoverability of their carrying amount is in doubt due to indications of impairment. Impairment is recognized in the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

3.5 Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash obligations, rather than for investment or other purposes. They are readily convertible to a known cash amount and are exposed to an insignificant risk of changes in value. Cash and cash equivalents consist of immediately available cash, highly liquid investments that can be used without an undue notice period and without significant penalty, and marketable securities (short-term money market funds).

Marketable securities and term deposits are readily convertible to a known cash amount and are exposed to an insignificant risk of changes in value. They are measured at fair value and changes in value are reported in financial income.

3.6 Capital

Ordinary shares are classified as equity. The costs of capital transactions directly attributable to issues of shares or options that meet the definition of equity instruments are recognized in equity and deducted from the proceeds of the issue net of tax.

The Company's own shares bought under a liquidity agreement entered into with an independent broker are presented as a reduction in equity until their cancellation, reissuance or disposal. Any difference between the carrying amount and the consideration, if reissued, is recognized in the treasury shares reserve.

Additional paid-in capital comprises the amount received attributable to Share Capital, in excess of the nominal amount of shares issued by the Company, reduced by issuance costs directly attributable to the capital increase and the transfer of profits from the prior year as recommended by the Company's Board of Directors and approved by the general meeting of shareholders, as allowed under the French Commercial Code. Respective transfer of profit is presented in Consolidated Statement of Changes in Shareholders' Equity.

The Group's policy it to maintain a strong capital base so as to maintain investor and market confidence and to sustain future development of the Company.

3.7 Share-based Payments

Since its creation, the Company has set up several equity-settled compensation plans under which "founders' warrants" (BSPCEs) are granted free of charge to employees and/or corporate officers, "share warrants" (BSAs) are granted to scientific consultants or service providers, and "stock options" (SOs) are granted to employees.

In accordance with IFRS 2 – "Share-Based Payment", these instruments are measured at fair value on the grant date. Their fair value is determined by applying the most appropriate measurement model based on the characteristics of each plan.

The fair value of the grants is spread on a straight-line basis over each milestone comprising the vesting period (the period between the grant date and the maturity date of the plan) and is recognized in the income statement with a corresponding increase in retained earnings. The associated expense from equity-settled share-based payment transactions is reported in payroll costs and is allocated to an expense category based on the position held by each grantee.

On each balance sheet date, the Company reviews the number of rights that may be acquired by beneficiaries, i.e., the number of shares that are expected to vest. The company adjusts share-based payment expenses in the period when unvested share-based payment instruments are forfeited by reversing the expenses recognized in the income statement against retained earnings.

Some options and warrants could be subject to performance conditions corresponding to the achievement of a milestone by a given date. At the reporting date, there was no unvested plan containing performance conditions.

The characteristics of the instruments are described in greater detail in Note 13.2 – "Shares warrants, founders' warrants and stock options".

3.8 Research tax credit, grants and conditional advances

Research tax credit

The French tax authorities grant companies a Research Tax Credit (CIR) to encourage them to conduct technical and scientific research. Companies that can substantiate expenditures meeting the required criteria (research costs in France or, since January 1, 2005, within the European Community or in another State that is a party to the agreement on the European Economic Area and has signed a tax treaty with France containing an administrative assistance clause) are eligible for a tax credit that can be used to pay the corporate income tax owed for the fiscal year in which the expenses are incurred and for the following three fiscal years, or they may be refunded for the excess portion of the tax credit, if any. The expenses taken into account for the calculation of the research tax credit are restricted to research and development expenses.

The Company has been entitled to a research tax credit since its inception.

The companies meeting the EU definition of a small or medium-sized entity ("SME") are eligible for payment in cash of their CIR to the extent it is not used to offset corporate taxes payable, in the year following the request for reimbursement. Sensorion SA meets the EU definition of an SME and therefore should continue to be eligible for prepayment.

The CIR is presented under "Other operating income" in the statement of income (loss), as it is accounted for as a government grant within the meaning of IAS 20 – "Accounting for Government Grants and Disclosure of Government Assistance", and as "Other receivables and related accounts" in the statement of financial position until its payment is received.

The Australian tax authorities grant companies a research tax credit to encourage them to conduct technical and scientific research in Australia. Companies that can substantiate expenditures meeting the required criteria are eligible for a tax credit that can be used to pay the corporate income tax or that may be refunded for the excess portion of the tax credit. The research tax offset is either refundable or non-refundable depending on the aggregate turnover of the company, allowing it to offset future income tax should it have access to sufficient non-refundable offsets.

The Company benefitted from a research tax credit, that was used to offset the Australian corporate income tax for the fiscal year 2023 and 2024.

The research tax credit is presented under "Other operating income" in the statements of income (loss), as it is accounted for as a government grant within the meaning of IAS 20 – "Accounting for Government Grants and Disclosure of Government Assistance", and as "Other current assets" in the statement of financial position until its payment is received.

Grants

Grants received by the Company are recognized in the financial statements when there is reasonable assurance that the Company will comply with the conditions attached to the subsidies and that the subsidies will be received.

A government grant receivable either as compensation for expenses or losses already incurred or as immediate financial support to the Company with no future related costs is recognized as income in the period in which it becomes receivable.

A grant is recognized in the income statement based on the actual progress of the projects for which it is awarded. More specifically, the grant is recognized as deferred income and reported in the income statement based on project progress, which is assessed by taking into account, firstly, the time spent by employees and, secondly, subcontracting expenses allocated to the projects and covered by the grant.

Conditional advances and loans at below-market interest rates

The Company receives a certain amount of government assistance in the form of conditional advances. Details of this assistance are provided in Note 14 "Financial liabilities" and in Note 4 "Other operating income".

Funds received in the form of conditional advances are recognized as financial liabilities, as the Company has a contractual obligation to reimburse such conditional advances in cash based on a repayment schedule that depends on the specific provisions of the agreements. Each award of an advance is made to help fund a specific development milestone. More details on conditional advances are provided in Note 14.2 "Other

financial liabilities". Receipts or reimbursements of conditional advances are reflected as financing transactions in the statement of cash flows.

The difference between the present value of the advance at market rate (i.e., present value of contractual cash flows including principal and interest, discounted using a market rate as the effective interest rate in accordance with IFRS 9) and the amount received as cash from the organization constitutes a subsidy within the meaning of IAS 20. Considering that these advances do not finance fixed assets, these subsidies are presented as "Deferred income" in the statement of financial position and recognized in the statement of net income (loss) as "Other operating income" on a systematic basis over the periods in which the Company recognizes, as expenses, the related costs for which the grants are intended to compensate.

The incremental interest expense resulting from the difference between (a) the market interest rate and (b) the below-market rate is spread over the contractual period until the last repayment is made and recognized in the statement of income (loss) accordingly, using the effective interest rate ("EIR") method. In the event of a change in estimate of contractual cash flows due under the conditional advances, the Company recalculates the carrying amount of the debt resulting from the discounting of the anticipated new future cash flows at the initial EIR. The adjustment is recognized in the statement of income (loss) for the period during which the modification is recognized.

In the statement of financial position, these conditional advances are recorded in "Other financial liabilities" as a current or non-current portion depending on their maturity. In the event that the organization waived the repayment of the advance, the corresponding liability is derecognized and treated as a grant in the statement of income (loss).

3.9 Provisions

Contingency and loss provisions

Provisions for contingencies and litigation correspond to obligations arising from litigation and miscellaneous risks, the timing and amount of which are uncertain.

A provision is recognized if the Company has a legal or constructive obligation to a third party as a result of a past event that is probable or certain to result in an outflow of resources to the third party, without at least equivalent consideration expected from the third party, and the future outflow of resources can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation.

3.10 Defined benefit plans

The Company's employees are entitled to the retirement benefits required by law in France:

- a retirement allowance, paid by the Company, when they retire (a defined benefit plan);
- a retirement pension paid by Social Security, which is financed by contributions from companies and employees (State defined contribution plan).

For defined benefit plans, which are self-funded by the Company, the cost of retirement benefits is estimated using the projected unit credit method. Under this method, the cost of pensions is recognized in the income statement and spread over employees' length of service. Pension obligations are measured at the present value of estimated future payments using, for discounting purposes, the market rate based on long-term bonds of first-rate companies with a term equal to that estimated for the payment of benefits.

The Company uses external actuaries to perform an annual review of the valuation of these plans.

The difference between the amount of the provision at the start of a period and at year-end is recognized as a payroll expense, classified as either "Research and Development" or "Overhead expenses" for the services rendered component, as a financial expense for the interest component, and as other comprehensive income for the actuarial gains and losses component. As they will never be reclassified to profit or loss, they are immediately recorded in "Other reserves".

The Company's payments for defined contribution plans are recognized as an expense in the income statement in the period to which they relate.

3.11 Revenue from ordinary operations

The Company does not yet have revenue from ordinary operations.

3.12 Collaboration agreement income

Collaboration agreement income that is not within the scope of IFRS 15 nor within the joint arrangement guidance of IFRS 11, is accounted for by analogy in line with IAS 8.10. The Company recognizes income as "Other operating income", only when the income is highly probable, using the input method that is based on the costs already incurred on the respective collaboration project compared to the total estimated cost.

3.13 Leases

At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Measurement of the Right of use assets

At the effective date of a lease, the right-of-use asset is measured at cost and comprises:

• the initial amount of the liability, plus advance payments made to the lessor, if any, less incentives received from the lessor, if any;

• if applicable, any initial direct costs incurred by the lessee to enter into the contract. These are incremental costs that would not have been incurred if the contract had not been entered into;

• estimated costs for uninstalling and restoring the leased asset in accordance with the terms of the contract. At the date of initial recognition of the right of use, the lessee will add to these costs the discounted amount of the restoration and/or uninstallation expenses, offsetting a restoration liability or provision.

Right of use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term.

Measurement of the lease liability

On the effective date of the contract, the lease liability is measured at the present value of the lease payments over the term of the contract.

The amounts included in lease payments for purposes of measuring the liability are:

• fixed lease payments (including in-substance fixed lease payments whose form may contain some variability but that are, in substance, unavoidable);

• variable lease payments that depend on an index or rate on the effective date of the contract;

• amounts expected to be payable by the lessee under residual value guarantees;

• penalties to be paid if an option to terminate or not renew the lease is exercised, if the lease term is determined assuming the lessee will exercise the option.

Changes in the lease liability are measured as follows:

• it is increased by the amount of interest expense calculated by applying the discount rate to the liability at the beginning of the period; and

• decreased by the amount of payments made.

Interest expense for the period, and variable payments not included at the time of the initial measurement of the liability and incurred during the period, are recognized as financial expenses.

Furthermore, the liability may be remeasured in the following situations:

• a change in the lease term;

• a change due to an assessment that the exercise of an option is reasonably certain (or not);

• a revaluation in relation to residual value guarantees;

• a revision of the rates or indices on which lease payments are based when lease payments are adjusted.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure the lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the

IBR using observable inputs (such as market interest rates) when available and is required to make certain company-specific estimates.

The following practical expedients have been applied by the Company:

Applying the recognition exemption for short-term leases, i.e., to those leases that have a lease term of 12 months or less from the commencement date and do not contain an option to extend the lease, or the Company is not reasonably certain to exercise such an option;

Ending within 12 months from the date of initial application, without an option for the lessee to extend the contract to more than 12 months or it is not reasonably certain to exercise such an option, and without a purchase option;

Excluding low-value leases (value of the underlying asset below €5.0 thousand).

The Company leases relate to real-estate leases of office premises and leases of premises dedicated to research and development activities. The lease term corresponds to the non-cancellable period of the lease. The Company has a lease contract that includes a renewal option.

Management makes material judgements in determining whether these extension and termination options are reasonably certain to be exercised.

3.14 Current and deferred tax

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

The income tax charge for the period comprises current tax due and the deferred tax charge. The tax expense is recognized in the statement of income (loss) unless it relates to items recorded in other comprehensive income and expense or directly in equity, in which case the tax is also recorded in other comprehensive income and expense or directly in equity.

Current taxes

The current tax expense is calculated based on taxable profit for the period, using tax rates enacted or substantively enacted at the end of the year in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred taxes

Deferred taxes are recognized for all timing differences arising from the difference between the tax and accounting bases of assets and liabilities in the financial statements. The main timing differences relate to tax loss carryforwards. The statutory tax rates on the balance sheet date are used to calculate deferred taxes.

Deferred tax assets are recognized only to the extent that it is probable that future earnings will be sufficient to absorb losses carried forward. Due to its stage of development and the uncertainties as to when a taxable profit will be earned, the Company has not recognized any deferred tax assets on the balance sheet.

3.15 Segment reporting

The Company does business in a single operating segment: drug research and development for the treatment of inner-ear disorders with a view to future drug marketing. The assets, liabilities and operating loss realized are located in France, the United States and Australia.

3.16 Material accounting estimates and judgments

The estimates and judgments that management makes in applying the accounting policies described above are based on historical information and other factors, including expected future events deemed reasonable under the circumstances. These estimates and judgments concern primarily the following items.

Basis of preparation

Useful life estimates, identification of indications of impairment and, if necessary, impairment tests on intangible assets. See Note 2 "*Basis of preparation"*.

Going concern

As of December 31, 2024, the Company had €66.8 million of available cash and cash equivalents (see Note 12 Cash and cash equivalents) and €10.2 million of short term deposit, accessible prior to the expiration of

the term upon 32 days written notice and considered by the Group as liquid and easily available (see Note 11 Other current assets).

As of the date of authorization of the issuance of these consolidated financial statements, based on its expenditure forecasts, the cash and cash equivalents and the term deposit included in "other current assets" as of December 31, 2024, the Group deems that it is in a position to finance its activities until the end of the first quarter of 2026, a period in excess of twelve months from December 2024. The Group believes that it will not be exposed to a liquidity risk in the next twelve months.

Collaboration agreement income

Regarding the accounting treatment of collaboration agreements with partners to conduct research programs, in the absence of an IFRS that specifically applies to a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results in reliable information that is relevant to the economic decision-making needs of users. Management has made material judgments in developing the accounting treatment by analogy in line with IAS 8.10. See Note "Collaboration agreement income".

Cash equivalents

Cash equivalents consist of highly liquid investments that can be used without an undue notice period and without incurring a significant loss of value, and marketable securities or term deposits (short-term money market funds). The Company considers that they are readily convertible to a known cash amount and are exposed to an insignificant risk of changes in value, and measures them at fair value. See Note 3.5 – "Cash and cash equivalents".

Shares warrants, founders' warrants and stock options

The fair value of founders' warrants (BSPCE), warrants (BSA) and stock options granted to employees and/or corporate officers, non-employee members of the Board of Directors, scientific consultants and service providers is measured using actuarial models. These models require that the Company make certain calculation assumptions, such as the expected volatility of underlying equity instruments. See Note 3.7 "*Share-based Payments"* and Note 13.2 "*Shares warrants, founders' warrants and stock options"*.

Leases

The Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate (IBR) to measure the lease liability. The Company uses judgment in estimating the IBR using observable inputs (such as market interest rates) when available and makes certain company-specific estimates.

Furthermore, the Company determines the lease term as the non-cancellable period for each lease. To this end, management uses judgment to determine the periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option, and the periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. See Note 3.13 "*Leases"*

Financial liabilities

The low interest loans and advances are treated in accordance with the requirements of IAS 20 – "Accounting for Government Grants and Disclosure of Government Assistance" and IFRS 9 – "Financial Instruments". The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

The Company recognizes the loan at fair value by applying the adjusted intrinsic effective interest rate ("EIR") of the below-market rate loan to the prevailing market rate. The Company applies judgement to estimate the applicable market rates (when incorporating the cost of debt and additional credit spreads) using observable inputs (such as current observable market rates) and makes specific estimates relevant to the Company's profile. See Note "Financial liabilities".

On March 16, 2020, Bpifrance Financement granted Sensorion a refundable advance in connection with its contribution to the "PATRIOT" competitiveness clusters fundamental R&D project (see Note 14 "Financial liabilities"). The fair value of the debt at initial recognition (see "Conditional advances and loans at below-market interest rates" under Note 3.8 – "Research tax credit, grants and conditional advances") is calculated based on the adjusted effective interest rate and the future cash flows provided in the contract, which includes the Company's estimate of the probability of the "PATRIOT" R&D project's success.

3.17 Fair value measurement

Financial instruments are measured at fair value according to a hierarchy comprising three levels of valuation inputs:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

There were no financial assets or liabilities measured at fair value at December 31, 2024. See Note 17 – "Financial instruments recorded on the balance sheet".

3.18 Management and assessment of financial risks

The principal financial instruments held by the Company are cash and cash equivalents. The purpose of holding these instruments is to finance the ongoing business activities of the Company. It is not the Company's policy to invest in financial instruments for speculative purposes. The Company does not use derivative financial instruments for hedging purposes.

The principal risks to which the Company is exposed are liquidity risk, interest rate risk, foreign currency exchange risk and credit risk.

Liquidity risk

The Group is exposed to liquidity risk due to the maturity of its financial liabilities and the fluctuations of its operating cash-flow. Furthermore, fluctuations in the Group's operating cash flow during accounting periods also generate liquidity risks. Prudent liquidity risk management therefore implies maintaining sufficient cash resources, cash equivalents and short-term deposits in order to satisfy ongoing operating requirements and the ability to close out market positions. Extraordinary conditions on the financial markets may, however, temporarily restrict the possibility to liquidate certain financial assets.

The Group believes that the existing cash and cash equivalents as of December 31, 2024, will be sufficient to fund operations for at least the next 12 months from the date these consolidated financial statements were approved for publication.

Interest rate risk

The Company is not exposed to market risks in connection with its medium and long-term borrowings as all of them are subject to fixed interest rates.

Foreign currency risk

The Company is exposed to a risk of exchange rates fluctuations on commercial transactions performed in currencies different from the functional currency of the Company entity recording the transactions.

At this stage, the Company has not adopted any other recurring hedging mechanism to protect its activity against currency fluctuations. The Company may, in the future, consider using a suitable policy to hedge exchange risks in a more significant manner if needed.

The operating expenses the Company incurred in foreign currencies in the years ended December 31, 2024, and December 31, 2023, and the balance sheet positions (bank accounts and trade payables) as of December 31, 2024, and December 31, 2023, are minor compared with the company's balances and flows. The foreign currency risk related to the Company's foreign currency is limited.

Credit risk

The credit risk related to the Company's cash and cash equivalents is insignificant in light of the quality of the co-contracting financial institutions. While the Company's deposit accounts are insured up to the legal limit, the maintained balances may, at times, exceed this insured limit. The Company has not experienced any losses in such accounts and does not believe that it is exposed to any significant credit risk related to these instruments.

The credit risk related to the Company's other receivables and related accounts is not material.

Note 4. Other operating income

(in thousands of euros)	Year ended December 31, 2024	Year ended December 31,2023
Research tax credits	4,642	4,547
Income from grants and other R&D contracts	1,273	1,019
Collaboration agreement income	738	96
Other	-	36
Total other operating income	**6,653**	**5,698**

Research Tax Credit

The Group carries out research and development projects. As such, it has benefited from a research tax credit in France (CIR) for an amount of €4,263 thousand and in Australia for an amount of €283 thousand, for the year ended December 31, 2023. As of December 31, 2024, the tax credit in France (CIR) amounted to €4,422 thousand and to €220 thousand in Australia.

Income from grants and other R&D contracts

Income from grants and other R&D contracts corresponds to non-refundable advances (see below), subsidy components of loans (See Note 10.3 "Innovation loans") and conditional refundable advances (See Note 14.2 "Other financial liabilities") taken out at below-market rates. Where the funds have been used to finance project research expenses, the grant is recognized as a liability (deferred income) and taken to income (other operating income) in line with the costs incurred on the project.

Bpifrance Financement granted the Company a non-refundable advance in connection with its contribution to the "PATRIOT" competitiveness clusters fundamental R&D project. This non-refundable grant will be paid in the amount of 15% of the recoverable advance (See Note 15.2 *Other financial liabilities*) (i.e. maximum €794 thousand). Sensorion received €119 thousand on inception (2020) and €128 thousand in August 2023.

On November 27, 2020, the *Agence Nationale de la Recherche and Assistance Publique Hôpitaux de Paris* awarded Sensorion €4,396 thousand in funding for the "Audinnove: Therapy for congenital neurosensory deafness" project, of which €440 thousand has already been paid in advance following the signing of a pre-financing agreement on November 29, 2019. The balance will be paid in five instalments until the end of the project. The total estimated cost of the project for the consortium is €29.8 million. Sensorion has communication obligations and therefore cannot record subsidies until the funds have been received. Aid already received is non-refundable. As of December 31, 2023, €3,077 thousand had already been received and recognized in other operating income. On December 31, 2024, €3,956 thousand had already been received and recognized in other operating income.

Collaboration agreement income

The €96 thousand in income as of December 31, 2023 and €395 thousand as of December 31, 2024 relate to a collaboration agreement with Sonova A.G.. On September 14, 2021, Sonova and Sensorion entered into a Study and Co-Development Agreement. The aim was to conduct a Presbycusis Natural History Study.

An amount of €343 thousand as of December 31, 2024 related to a collaboration agreement with Cochlear. On December 16, 2017, Cochlear and Sensorion entered into subscription agreement and a research

collaboration agreement. The accounting treatment of collaboration agreement income is described in Note 3.12 "*Collaboration agreement income"*.

Note 5. Operating expenses

Research and development expenses break down as follows:

(in thousands of euros)	Year ended December 31, 2024	Year ended December 31, 2023
Sub-contracting, studies and research	13,974	14,663
Payroll expenses	6,502	4,862
Research material	1,120	977
Provision for tax on salaries*	1,077	-
Depreciation and amortization expense	1,016	830
Consulting and professional fees	914	616
Patent fees	122	141
Other research and development expenses	939	666
Total research and development expenses	**25,664**	**22,755**

**As mentioned in Note 15.2 Provisions*

A breakdown of overhead expenses by type is shown below:

(in thousands of euros)	Year ended December 31, 2024	Year ended December 31, 2023
Consulting and professional fees	3,715	1,846
Payroll expense	3,463	2,381
Provision for tax on salaries*	637	-
Directors fees	356	156
Travel expenses	284	186
Depreciation and amortization expense	143	124
Other general and administrative expenses	792	560
Total overhead expenses	**9,390**	**5,253**

**As mentioned in Note 15.2 Provisions*

As of December 31, 2023 and December 31, 2024, other general and administrative expenses mainly included public relation expenses and banking & insurance fees.

Payroll expenses

The Company had 57 employees on payroll as of December 31, 2023 and 65 employees as of December 31, 2024.

Payroll expenses (R&D and overheads) break down as follows:

(in thousands of euros)	Year ended December 31, 2024	Year ended December 31, 2023
Salaries and wages	6,089	4,731
Tax and social contributions on salaries	2,723	2,147
Pension costs	128	67
Share-based payments	1,024	298
Total payroll expenses	**9,964**	**7,243**

The rise in payroll expenses between 2023 and 2024 is mainly due to the increase in staff numbers related to the ramp-up of clinical activities and overhead expenses supporting expanding research & development activities.

Note 6. Financial income and expenses

(in thousands of euros)	Year ended December 31, 2024	Year ended December 31, 2023
Financial income related to term and demand deposits	2,878	708
Foreign currency exchange gain	7	-
Other	1	1
Financial income	**2,886**	**709**
Interest on loans	(189)	(80)
Interest expenses on lease liabilities	(62)	(23)
Interest expenses on defined benefit plan	-	(6)
Foreign currency exchange loss	-	(54)
Other	(80)	(2)
Financial expenses	**(331)**	**(165)**
Net financial income	**2,555**	**544**

Note 7. Income taxes

The theoretical tax that would be payable based on the French tax rate breaks down as follows:

(in thousands of euros)	Year ended December 31, 2024	Year ended December 31, 2023
Income/Loss before tax	(25,846)	(21,766)
Theoretical tax rate	25.00%	25.00%
Tax benefit at theoretical rate	**(6,461)**	**(5,442)**
Share-based payments	253	75
Permanent differences		
Of which reintegration of corporate income tax	178	310
Of which deduction of research tax credit	(1,161)	(1,137)
Non capitalization of tax losses for the period	7,316	6,491
Tax recognized in the income statement	**126**	**(297)**

Under the applicable law, the Company had tax losses that could be carried forward indefinitely in France for a total amount of €138,226 thousand as of December 31, 2023.

As of December 31, 2024, the tax losses that can be carried forward indefinitely in France amounted to 167,509 thousand.

The tax rate applicable to the company is the rate currently in force in France, i.e., 25%.

Note 8. Intangible assets

(in thousands of euros)	January 1, 2023	Additions	Transfer	Disposals	December 31, 2023
Patents, licenses, trademarks	1,731	206	-	(706)	1,231
Software	103	6	5	-	114
Intangible assets in progress	5	-	(5)	-	-
Total cost	**1,839**	212	-	(706)	**1,345**
Accumulated amortization of patents, licenses and trademarks	(1,280)	(144)	-	689	(735)
Accumulated amortization of software	(81)	(23)	-	-	(104)
Total accumulated amortization	**(1,361)**	(167)	**-**	689	**(839)**
Net carrying amount	**478**	45	-	(17)	**506**

(in thousands of Euros)	January 1, 2024	Additions	Transfer	Disposals	Other	December 31, 2024
Patents, licenses, trademarks	1,231	407	-	-	13	1,651
Software	114	8	-	-	-	122
Intangible assets in progress	-	-	-	-	-	-
Total cost	**1,345**	**415**	-	-	**13**	**1,773**
Accumulated amortization of patents, licenses and trademarks	(735)	(169)	-	-	(11)	(914)
Accumulated amortization of software	(104)	(10)	-	-	-	(113)
Total accumulated amortization	**(839)**	**(179)**	**-**	-	**(11)**	**(1,027)**
Net carrying amount	506	236	-	-	2	746

Over the financial year presented, acquisitions of intangible assets comprise primarily the capitalized costs of filing and maintaining patents.

No material impairment losses in application of IAS 36 were recognized in the financial year presented.

Note 9. Property, plant and equipment

(in thousands of euros)	January 1, 2023	Additions	Disposals	Transfer	December 31, 2023
Industrial and laboratory equipment	2,110	231	—	—	2,341
Building fixtures and fittings	340	—	—	—	340
Computer equipment	173	34	—	—	208
Office furniture	22	—	—	—	22
Property, plant and equipment in progress	—	391	—	—	391
Total cost	**2,645**	**656**	—	—	**3,302**
Accumulated amortization of industrial and laboratory equipment	(811)	(343)	—	—	(1,154)
Accumulated amortization of building fixtures and fittings	(7)	(34)	—	—	(41)
Accumulated amortization of computer equipment	(103)	(43)	—	—	(146)
Accumulated amortization of office furniture	(22)	—	—	—	(22)
Total accumulated amortization	**(943)**	**(420)**	**—**	—	**(1,363)**
Net carrying amount	**1,702**	**236**	—	—	**1,939**

(in thousands of euros)	January 1, 2024	Additions	Disposals	Transfer	Other	December 31, 2024
Industrial and laboratory equipment	2,341	660	(49)	268	—	3,220
Building fixtures and fittings	340	—	—	—	(300)	40
Computer equipment	208	44	(45)	—	(3)	204
Office furniture	22	—	(22)	—	—	—
Property, plant and equipment in progress	391	—	—	(268)	(123)	—
Total cost	**3,302**	**704**	**(116)**	**—**	**(426)**	**3,465**
Accumulated amortization of industrial and laboratory equipment	(1,154)	(477)	19	—	—	(1,612)
Accumulated amortization of building fixtures and fittings	(41)	(34)	—	—	36	(39)
Accumulated amortization of computer equipment	(146)	(44)	45	—	3	(145)
Accumulated amortization of office furniture	(22)	—	22	—	—	—
Total accumulated amortization	**(1,363)**	**(555)**	**86**	—	**39**	**(1,793)**
Net carrying amount	**1,939**	**149**	**(30)**	**—**	**(387)**	**1,671**

Property, plant and equipment comprise laboratory and technical equipment, as well as computer equipment and furniture.

As of December 31, 2024, the additions in industrial and laboratory equipment relate to preclinical and manufacturing activities and medical devices.

Note 10. Right-of-use assets

(in thousands of euros)	January 1, 2023	Additions	Termination of duration	December 31, 2023
Right-of-use assets (Gross)	1,760	208	—	1,968
Total right-of-use assets (Gross)	**1,760**	**208**	**—**	**1,968**
Accumulated amortization	(866)	(419)	—	(1,285)
Total accumulated amortization	**(866)**	**(419)**	**—**	**(1,285)**
Net carrying amount	**894**	**(211)**	**—**	**683**

(in thousands of euros)	January 1, 2024	Additions	Termination of duration	Other	December 31, 2024
Right-of-use assets (Gross)	1,968	462	(554)	159	2,036

(in thousands of euros)	January 1, 2024	Additions	Termination of duration	Other	December 31, 2024
Total right-of-use assets (Gross)	**1,968**	**462**	**(554)**	**159**	**2,036**
Accumulated amortization	(1,285)	(450)	554	179	(1,002)
Total accumulated amortization	**(1,285)**	**(450)**	**554**	**179**	**(1,002)**
Net carrying amount	**683**	**12**	**—**	**338**	**1,034**

As of December 31, 2024, real estate right-of-use assets were measured at a gross amount of €2,036 thousand and a net amount of €1,034 thousand compared to a gross amount of €1,968 thousand and a net amount of €683 thousand as of December 31, 2023.

As of December 31, 2024 their residual term was 1.5 to 2.5 years compared to 0.5 to 3.5 years as of December 31, 2023.

Depreciation allowances on right-of-use assets totaled €419 thousand in fiscal 2023, the principal repayments under lease liabilities totaled €410 thousand, and interest amounted to €23 thousand.

As of December 31, 2024, depreciation allowances on right-of-use assets totaled €450 thousand, the repayments under lease liabilities totaled €446 thousand, and interest amounted to €61 thousand.

The Group entered into a new real estate lease during the second half with an initial fixed term of two years. The right-of-use asset amounted to €438 thousand.

No sublease agreements were in effect during the period. The Company's leases do not include any restrictions or covenants.

Expenses recognized directly in the profit and loss statement for short-term leases and low-value asset leases (defined as assets with a value of €5,000 or below), which were not capitalized under IFRS 16, were not material in 2024 (€113 thousand) and 2023 (€81 thousand).

Note 11. Other current assets

(in thousands of euros)	As of December 31, 2024	As of December 31, 2023
Term deposit	10,214	—
State, research tax credits	4,514	4,390
State, VAT	2,131	917
Prepaid expenses	1,515	740
Collaboration agreement receivables	196	—
Prepayments to suppliers	184	38
Other miscellaneous debtors	180	207
Net total	**18,934**	**6,292**

As of December 31, 2024, term deposit with less than one year of maturity amounts to €10.2 million and relates to an 18-month term deposit subscribed in second quarter of 2024 and maturing in the next twelve months. This term deposit is accessible prior to the expiration of the term with a notice period of 32 days.

Research tax credit receivables mainly include the French research tax credit (CIR) for €4,263 thousand in 2023 and €4,422 thousand in 2024.

The Company received refunds of €4,263 thousand for the 2023 French research tax credit (CIR) on October 17, 2024 and €292 thousand for the 2023 Australian tax credit on October 22, 2024.

The refund of the 2024 research tax credit of €4,422 thousand is expected in 2025 pursuant to the Community SME scheme. The increase in this receivable relates to the increase in R&D staff costs and subcontracting expenses eligible for the research tax credit.

Prepaid expenses essentially consist of costs associated with manufacturing activities.

Collaboration agreement receivables referred to Cochlear (see detailed in Note 4 *Other operating income – Collaboration agreement income*).

As of December 31, 2024, prepayments to suppliers include prepayments for property, plant, and equipment amounting to €61 thousand and corresponding to advances on orders for laboratory equipment and clinical equipment not yet received.

Other miscellaneous debtors consist primarily of an operating grant receivable.

Research Tax Credit

(in thousands of euros)	Research tax credit
As of January 1, 2023	**7,006**
Income France	4,263
Income Australia	296
Offset against income tax payable	(293)
Exchange difference	(26)
Payments received	(6,856)
Receivable as of December 31, 2023	**4,390**

(in thousands of euros)	Research tax credit
As of January 1, 2024	**4,390**
Income France	4,422
Income Australia	220
Offset against income tax payable	(126)
Exchange difference	(2)
Payments received	(4,391)
Receivable as of December 31, 2024	**4,513**

The Company qualifies for the research tax credit under the provisions of Articles 244 quater B and 49 septies F of the French Tax Code. In accordance with the principles described in Note 2.12 of the notes to the IFRS financial statements prepared as of December 31, 2024, the research tax credit is recognized in "Other income" in the year to which the qualifying research expenses relate.

On February 15, 2023, the refund of the 2021 research tax credit was received in the amount of €3,045 thousand. On October 31, 2023, the refund of 2022 the research tax credit was received in the amount of €3,654 thousand. The request for the €4,263 thousand refund of the 2023 research tax credit was filed in April 2024, and the refund was received on October 17, 2024.

The Group also has a tax credit receivable of €124 thousand in Australia for the 2024 research tax credit of €218 thousand. It is expected to be received in second half 2025, net of €94 thousand in payable income tax. The 2023 research tax credit for €292 thousand was received in October 2024. Income tax payable in Australia for 2023 of €164 thousand was paid in October 2024.

Note 12. Cash and cash equivalents

(in thousands of euros)	As of December 31, 2024	As of December 31, 2023
Cash at bank and on hand	14,807	1,491
Cash equivalents	51,962	35,483
Total cash and cash equivalents	**66,769**	**36,974**

Cash includes cash at bank and on hand. Cash equivalents include short-term bank deposits that can be assigned or sold on very short notice and are subject to insignificant risk of changes in value in response to fluctuations in interest rates.

As of December 31, 2024, cash at bank and on hand totaled €66,769 thousand, mainly comprising five deposits. These deposits were set up in March and December 2024.

Note 13. Capital

13.1 Share capital and additional paid-in-capital

As of December 31, 2024, the share capital totaled of €30,050 thousand, divided into 300,501,226 fully subscribed, Board-authorized ordinary shares with a par value of €0.10 each.

This item excludes share warrants (BSAs), founders' warrants (BSPCEs) and stock options (SOs) granted to certain individuals who may or may not be Company employees.

All shares confer on their holders the right to a proportional share of the Company's results and net assets.

The table below shows changes in the share capital over the period presented:

(in thousands of euros, except number of shares and nominal value)	Share capital	Additional paid-in-capital	Number of shares issued	Nominal value
As of January 1, 2023	**7,994**	**50,676**	**79,937,938**	**€0.10**
Capital increase by issuance of ordinary shares	10,714	19,286	107,142,856	€0.10
Issue of pre-funded warrants	—	3,490	—	N/A
Expenses deducted from additional paid-in-capital	—	(262)	—	N/A
As of December 31, 2023	**18,708**	**73,190**	**187,080,794**	**€0.10**

(in thousands of euros, except number of shares and nominal value)	Share capital	Additional paid-in-capital	Number of shares issued	Nominal value
As of January 1, 2024	**18,708**	**73,190**	**187,080,794**	**€0.10**
Classification of Sensorion SA loss to premiums	—	(21,598)	—	N/A
Capital increase by issuance of ordinary shares	11,317	54,664	113,169,431	€0.10
Issue of pre-funded warrants	—	1,756	—	€0.10
Exercise of warrants	39	88	390,000	€0.10
Exercise of stock-options	2	5	21,001	€0.10
Expenses deducted from additional paid-in-capital	—	(4,198)	—	N/A
As of December 31, 2024	**30,066**	**103,907**	**300,661,226**	**€0.10**

Number of shares	As of December 31, 2024	As of December 31, 2023
Ordinary shares issued (€0.10 par value per share) ...	**300,661,226**	**187,080,794**
Less treasury shares.....	(173,701)	(173,617)
Ordinary shares outstanding.....	**300,487,525**	**186,907,177**

The Company held 173,617 treasury shares as of December 31, 2023 and 173,701 treasury shares as of December 31, 2024 under its liquidity agreement withKepler Cheuvreux. The Board of Directors used its delegation of authority to implement this liquidity agreement in accordance with the code of ethics recognized by the French securities regulator (*Autorité des Marché Financiers - AMF*).

13.2 Share warrants, founders' warrants and stock options

The Company issued share warrants (BSAs), founders' warrants (BSPCEs) and stock options (SOs) as follows:

BSA plans

			Number of outstanding warrants						
Type	**Grant date**	**Number of warrants issued**	**As of January 1, 2023**	**Granted**	**Exercised**	**Lapsed**	**As of December 31, 2023**	**Number of warrants exercisable**	**Maximum number of shares to be issued if all conditions are met**
BSA 2012*	4/30/2014	2,000	**1,000**	—	—	—	**1,000**	1,000	10,000
BSA 2016	2/02/2016	3,750	**3,750**	—	—	(3,750)	**—**	**—**	—
BSA 2016	5/19/2017	20,000	**15,000**	—	—	—	**15,000**	10,000	15,000
BSA 2018	4/29/2019	30,000	**30,000**	—	—	—	**30,000**	30,000	30,000
BSA 2020	2/02/2021	2,000	**2,000**	—	—	—	**2,000**	1,333	2,000
BSA 2021	1/03/2022	70,000	**70,000**	—	—	—	**70,000**	23,333	70,000
BSA 2022	5/31/2022	336,085	**336,085**	—	—	—	**336,085**	112,028	336,085
BSA 2022	3/15/2023	660,000	**—**	660,000	—	—	**660,000**	—	660,000
BSA 2023	5/24/2023	1,170,595	**—**	1,170,595	—	(100,000)	**1,070,595**	—	1,070,595
Total		**2,294,430**	**457,835**	**1,830,595**	—	**103,750**	**2,184,680**	**177,694**	**2,193,680**

**Exercise ratio of 1 BSA to 10 shares*

Type	Grant date	Number of warrants issued	Number of outstanding warrants					Number of warrants exercisable	Maximum number of shares to be issued if all conditions are met
			As of January 1, 2024	Granted	Exercised	Lapsed	As of December 31, 2024		
BSA 2012*	4/30/2014	2,000	**1,000**	—	—	(1,000)	**-**	-	-
BSA 2016	2/02/2016	3,750	**—**	—	—	—	**—**	**—**	—
BSA 2016	5/19/2017	20,000	**15,000**	—	—	(15,000)	—	—	—
BSA 2018	4/29/2019	30,000	**30,000**	—	—	—	**30,000**	30,000	30,000
BSA 2020	2/02/2021	2,000	**2,000**	—	—	—	**2,000**	1,333	2,000
BSA 2021	1/03/2022	70,000	**70,000**	—	—	—	**70,000**	23,333	70,000
BSA 2022	5/31/2022	336,085	**336,085**	—	—	(10,000)	**326,085**	217,390	326,085
BSA 2022	3/15/2023	660,000	**660,000**	—	(220,000)	—	**440,000**	220,000	440,000
BSA 2023	5/24/2023	1,170,595	**1,070,595**	—	(170,000)	—	**900,595**	180,198	900,595
BSA M	1/24/2024	250,000	—	250,000	—	—	**250,000**	—	250,000
BSA 2024-1	6/20/2024	270,268	—	270,268	—	—	**270,268**	—	270,268
Total		**2,814,698**	**2,184,680**	**520,268**	**(390,000)**	**(26,000)**	**2,288,948**	**672,254**	**2,288,948**

**Exercise ratio of 1 BSA to 10 shares*

Type	Grant date	Number of warrants issued	Characteristics			Assumptions	
			Maturity date	Subscription price	Exercise price	Volatility	Risk-free rate
BSA 2012	4/30/2014	**2,000**	4/30/2024	€2.40	€ 2.40	40%	1.17%
BSA 2016	2/02/2016	**3,750**	2/02/2023	€ 0.63	€ 6.31	72%	0.18%
BSA 2016	5/19/2017	**20,000**	5/18/2024	€ 0.43	€ 4.31	67%	0.25%
BSA 2018	4/29/2019	**30,000**	4/28/2026	€ 0.12	€ 1.20	71%	(0.58)%
BSA 2020	2/02/2021	**2,000**	2/01/2028	€ 0.17	€ 1.7273	62%	(0.60)%
BSA 2021	1/03/2022	**70,000**	1/02/2029	€ 0.18	€ 1.8404	62%	(0.29)%
BSA 2022	5/31/2022	**336,085**	5/30/2029	€ 0.19	€ 0.46	61%	0.73%
BSA 2022	3/15/2023	**660,000**	3/15/2030	€ 0.19	€ 0.36	67%	2.31%
BSA 2023	5/24/2023	**1,170,595**	5/24/2030	€ 0.14	€ 0.28	61%	2.51%
BSA M	1/24/2024	**250,000**	1/24/2031	€ 0.27	€ 0,47	65%	2,05%
BSA 2024-1	6/20/2024	**270,268**	6/20/2031	€0.30	€ 0,74	67%	2,68%
Total		**2,814,698**					

Details of BSA Plans are summarized below:

Type	Vesting period	Other vesting conditions
BSA 2012	N/A	N/A
BSA 2016	16.67% as of 2/02/2017 16.67% as of 2/02/2018 16.67% as of 2/02/2019	• 25% in the event of an external growth transaction before 2/02/2019 • 25% if the Company's market capitalization exceeds €150 million
BSA 2016	16.67% as of 5/19/2018 16.67% as of 5/19/2019 16.67% as of 5/19/2020	• 25% in the event of an external growth transaction before May 31, 2020 • 25% if the Company's market capitalization exceeds €175 million
BSA 2018	N/A	• 35% in the event an agreement is signed with Institut Pasteur • 22.5% if the Company obtains financing of €12.5 million before July 31, 2019 - Part 1 • 22.5% if the Company obtains financing of €12.5 million before December 31, 2019 - Part 2 • 10% if a partnership on SENS-401 is approved before December 31, 2020 • 10% if a partnership on SENS-111 is approved before December 31, 2020

BSA 2020	1/3 as of 2/01/2022 1/3 as of 2/01/2023 1/3 as of 2/01/2024	N/A
BSA 2021	1/3 as of 2/03/2023 1/3 as of 2/03/2024 1/3 as of 2/03/2025	N/A
BSA 2022	1/3 as of 5/31/2023 1/3 as of 5/31/2024 1/3 as of 5/31/2025	N/A
BSA 2022	1/3 as of 3/15/2024 1/3 as of 3/15/2025 1/3 as of 3/15/2026	N/A
BSA 2023	1/3 as of 5/24/2024 1/3 as of 5/24/2025 1/3 as of 5/24/2026	N/A
BSA M	1/3 as of 1/24/2025 1/3 as of 1/24/2026 1/3 as of 1/24/2027	N/A
BSA 2024-1	1/3 as of 6/20/2025 1/3 as of 6/20/2026 1/3 as of 6/20/2027	N/A

BSPCESs plans

Type	Grant date	Number of warrants granted	Number of outstanding BSPCEs					Number of warrants exercisable	Maximum number of shares to be issued if all conditions are met
			As of January 1, 2023	Granted	Exercised	Forfeited / Lapsed**	As of December 1, 2023		
BSPCE 2013	1/18/2013	9,350	**93,500**	—	—	(93,500)	**—**	—	—
BSPCE 2014-2*	6/17/2014	2,100	**100**	—	—	—	**100**	100	1,000
BSPCE 2014-M*	11/20/2014	15,600	**13,600**	—	—	—	**13,600**	13,600	136,000
BSPCE 2014-3	2/02/2016	260,000	**60,000**	—	—	(60,000)	—	—	—
BSPCE 2014-3	2/02/2016	28,500	**25,000**	—	—	(25,000)	—	—	—
BSPCE 2014-3	3/15/2016	548,500	**4,500**	—	—	(4,500)	—	—	—
BSPCE 2016	5/19/2017	213,000	**68,500**	—	—	(55,000)	**13,500**	13,500	13,500
BSPCE 2017	5/30/2017	260,000	**195,000**	—	—	—	**195,000**	195,000	195,000
BSPCE 2017	5/30/2018	70,500	**18,000**	—	—	(1,500)	**16,500**	16,500	16,500
BSPCE 2018	4/29/2019	455,500	**399,000**	—	—	(13,000)	**386,000**	356,000	356,000
BSPCE 2019	9/06/2019	347,235	**305,610**	—	—	(500)	**305,110**	305,110	305,110
Total		**2,210,285**	**1,182,810**	**—**	**—**	**(253,000)**	**929,810**	**899,810**	**1,023,110**

** Exercise ratio of 1 BSPCE to 10 shares*

***For the year ended December 31, 2023, 100,000 BSPCEs were forfeited due to resignation of beneficiaries (55,000 BSPCE 2016, 1,500 BSCPE 2017, 43,000 BSPCE 2018 and 500 BSPCE 2019)*

During 2023, the Group took note that the BSCPE 2013 warrants, issued on January 18, 2013, and the BSPCE 2014-3 warrants, issued on February 2, 2016, and March 15, 2016, had lapsed.

Type	Grant date	Number of warrants granted	Number of outstanding BSPCEs					Number of warrants exercisable	Maximum number of shares to be issued if all conditions are met
			As of January 1, 2024	Granted	Exercised	Forfeited / Lapsed**	As of December 31, 2024		
BSPCE 2013	1/18/2013	9,350	**—**	—	—	**—**	**—**	—	—
BSPCE 2014-2*	6/17/2014	2,100	**100**	—	—	(100)	**—**	**—**	**—**
BSPCE 2014-M*	11/20/2014	15,600	**13,600**	—	—	(13,600)	**—**	**—**	**—**
BSPCE 2014-3	2/02/2016	260,000	—	—	—	**—**	—	—	—
BSPCE 2014-3	2/02/2016	28,500	—	—	—	**—**	—	—	—
BSPCE 2014-3	3/15/2016	548,500	—	—	—	**—**	—	—	—
BSPCE 2016	5/19/2017	213,000	**13,500**	—	—	(13,500)	**—**	**—**	**—**
BSPCE 2017	5/30/2017	260,000	**195,000**	—	—	(195,000)	**—**	**—**	**—**
BSPCE 2017	5/30/2018	70,500	**16,500**	—	—	(7,500)	**9,000**	9,000	9,000
BSPCE 2018	4/29/2019	455,500	**386,000**	—	—	(25,000)	**361,000**	361,000	361,000
BSPCE 2019	9/06/2019	347,235	**305,110**	—	—	(10,000)	**295,110**	295,110	295,110
Total		**2,210,285**	**929,810**	**—**	**—**	**(264,700)**	**665,110**	**665,110**	**665,110**

** Exercise ratio of 1 BSPCE to 10 shares*

***For the year ended December 31, 2024, 17,000 BSPCEs were forfeited due to resignation of beneficiaries (7,500 BSCPE 2017, and 10,000 BSPCE 2019)*

During 2024, the Group took note that the BSCPE 2014-2 warrants, issued on June 17, 2014, the BSPCE 2014-M warrants, issued on November 20, 2014, the BSPCE 2016 issued on May 19, 2017 and the BSPCE 2017 issued on May 30, 2017, had lapsed.

Type	Grant date	Number of warrants granted	Characteristics			Assumptions	
			Maturity date	Subscription price	Exercise price	Volatility	Risk-free rate
BSPCE 2013	1/18/2013	9,350	1/17/2023	€ 0.00	€ 2.40	40%	0.86%
BSPCE 2014-2	6/17/2014	2,100	6/16/2024	€ 0.00	€ 2.40	40%	1.51%
BSPCE 2014-M	11/20/2014	15,600	11/19/2024	€ 0.00	€ 2.40	40%	0.00%
BSPCE 2014-3	2/02/2016	260,000	2/01/2023	€ 0.00	€ 6.31	72%	0.20%
BSPCE 2014-3	2/02/2016	28,500	2/01/2023	€ 0.00	€ 6.31	72%	0.20%
BSPCE 2014-3	3/15/2016	548,500	3/14/2023	€ 0.00	€ 6.31	72%	0.18%
BSPCE 2016	5/19/2017	213,000	5/18/2024	€ 0.00	4,31€	67%	0.25%
BSPCE 2017	5/30/2017	260,000	5/29/2024	€ 0.00	4,31€	67%	0.23%
BSPCE 2017	5/30/2018	70,500	5/29/2025	€ 0.00	2,50€	69%	0.20%
BSPCE 2018	4/29/2019	455,500	4/28/2026	€ 0.00	1,20€	72%	(0.26)%
BSPCE 2019	9/06/2019	347,235	9/05/2026	€ 0.00	1,28€	70%	(0.69)%
Total		**2,210,285**					

BSPCEs plans had fully vested as of January 1, 2023.

SO plans

Type	Grant date	Number of warrants granted	Number of outstanding SOs					Number of warrants exercisable on December 31, 2023	Maximum number of shares to be issued if all conditions are met
			As of January 1, 2023	Granted	Exercised	Forfeited	As of December 31, 2023		
SO 2020	5/20/2020	100,000	**100,000**	—	—	—	**100,000**	100,000	100,000
SO 2020	7/30/2020	165,000	**145,000**	—	—	—	**145,000**	145,000	145,000
SO 2020	8/22/2020	100,000	**100,000**	—	—	—	**100,000**	100,000	100,000
SO 2020	2/2/2021	47,370	**38,770**	—	—	(870)	**37,900**	25,267	37,900
SO 2021	8/11/2021	1,814,855	**1,594,855**	—	—	—	**1,594,855**	1,063,237	1,594,855
SO 2021	12/19/2021	900,000	**900,000**	—	—	(900,000)	**—**	—	—

SO 2021	2/03/2022	85,120	**75,320**	—	—	(2,000)	**73,320**	24,440	73,320
SO 2022	5/31/2022	100,000	**100,000**	—	—	(100,000)	**—**	—	—
SO 2023	3/15/2023	2,100,800	—	2,100,800	—	(10,000)	**2,090,800**	—	2,090,800
SO 2023	12/20/2023	255,000	—	255,000	—	—	**255,000**	—	255,000
Total		**5,668,145**	**3,053,945**	**2,355,800**	**—**	**(1,012,870)**	**4,396,875**	**1,457,944**	**4,396,875**

**For the year ended December 31, 2023, 1,012,870 SOs were forfeited due to the resignation of beneficiaries.*

			Number of outstanding SOs						
Type	**Grant date**	**Number of warrants granted**	**As of January 1, 2024**	**Granted**	**Exercised**	**Forfeited**	**As of December 31, 2024**	**Number of warrants exercisable on December 31, 2024**	**Maximum number of shares to be issued if all conditions are met**
SO 2020	5/20/2020	100,000	**100,000**	—	—	—	**100,000**	100,000	100,000
SO 2020	7/30/2020	165,000	**145,000**	—	—	—	**145,000**	145,000	145,000
SO 2020	8/22/2020	100,000	**100,000**	—	—	—	**100,000**	100,000	100,000
SO 2020	2/2/2021	47,370	**37,900**	—	—	(2,870)	**35,030**	25,267	35,030
SO 2021	8/11/2021	1,814,855	**1,594,855**	—	—	—	**1,594,855**	1,594,855	1,594,855
SO 2021	12/19/2021	900,000	**—**	—	—	—	**—**	—	—
SO 2021	2/03/2022	85,120	**73,320**	—	—	(6,000)	**67,320**	44,800	67,320
SO 2022	5/31/2022	100,000	**—**	—	—	—	**—**	—	—
SO 2023	3/15/2023	2,100,800	**2,090,800**	—	(21,001)	(40,570)	**2,029,229**	676,433	2,029,229
SO 2023	12/20/2023	255,000	**255,000**	—	—	—	**255,000**	85,000	255,000
SO 2023-2	4/10/2024	2,745,000	**—**	2,745,000		(27,500)	**2,717,500**	—	2,717,500
SO 2023-3	4/10/2024	1,000,000	**—**	1,000,000			**1,000,000**	—	1,000,000
SO 2024	1/07/2024	515,000	**—**	515,000			**515,000**	—	515,000
Total		**9,928,145**	**4,396,875**	**4,260,000**	**(21,001)**	**(76,940)**	**8,558,934**	**2,771,355**	**8,558,934**

**For the year ended December 31, 2024, 75,940 SOs were forfeited due to resignation of beneficiaries.*

			Characteristics			**Assumptions**	
Type	**Grant date**	**Number of warrants granted**	**Maturity date**	**Subscription price**	**Exercise price**	**Volatility**	**Risk-free rate**
SO 2020	5/20/2020	100,000	5/19/2027	€ 0.00	€ 0.76	76%	(0.58)%
SO 2020	7/30/2020	165,000	7/29/2027	€ 0.00	€ 0.90	74%	(0.59)%
SO 2020	8/22/2020	100,000	9/21/2027	€ 0.00	€ 1.20	74%	(0.60)%
SO 2020	2/2/2021	47,370	2/01/2028	€ 0.00	€ 1.73	62%	(0.56)%
SO 2021	8/11/2021	1,814,855	8/10/2028	€ 0.00	€ 1.81	56%	(0.60)%
SO 2021	12/19/2021	900,000	12/19/2028	€ 0.00	€ 1.78	60%	(0.43)%
SO 2021	2/03/2022	85,120	2/03/2029	€ 0.00	€ 1.10	67%	(0.03)%
SO 2022	5/31/2022	100,000	5/30/2029	€ 0.00	€ 0.46	61%	0.73%
SO 2023	3/15/2023	2,100,800	3/15/2030	€ 0.00	€ 0.36	66%	2.78%
SO 2023	12/20/2023	255,000	12/20/2030	€ 0.00	€ 0.46	68%	2.24%
SO 2023-2	4/10/2024	2,745,000	4/10/2031	€ 0.00	€0.81	72%	2.44%
SO 2023-3	4/10/2024	1,000,000	4/10/2031	€ 0.00	€0.81	72%	2.44%
SO 2024	1/07/2024	515,000	1/07/2031	€ 0.00	€0.69	70%	2.56%
Total		**9,928,145**					

Type	**Vesting period**	**Other vesting conditions**
SO 2020	N/A	N/A

SO 2020	11.11% as of 7/30/2021 11.11% as of 7/30/2022 11.11% as of 7/30/2023	• 33.33% if the SENS 401 phase II study is completed by June 30, 2021 • 16.7% if the OTOF project clinical study request is submitted before December 31, 2022 • 16.7% if the USHER project clinical study request is submitted before December 31, 2024
SO 2020	1/3 as of 8/22/2021 1/3 as of 8/22/2022 1/3 as of 8/22/2023	N/A
SO 2020	1/3 as of 2/01/2022 1/3 as of 2/01/2023 1/3 as of 2/01/2024	N/A
SO 2021	1/3 as of 8/11/2022 1/3 as of 8/11/2023 1/3 as of 8/11/2024	N/A
SO 2021	1/3 as of 12/19/2022 1/3 as of 12/19/2023 1/3 as of 12/19/2024	N/A
SO 2021	1/3 as of 2/03/2023 1/3 as of 2/03/2024 1/3 as of 2/03/2025	N/A
SO 2022	1/3 as of 5/31/2023 1/3 as of 5/31/2024 1/3 as of 5/31/2025	N/A
SO 2023	1/3 as of 3/15/2024 1/3 as of 3/15/2025 1/3 as of 3/15/2026	N/A
SO 2023	1/3 as of 12/20/2024 1/3 as of 12/20/2025 1/3 as of 12/20/2026	N/A
SO 2023-2	1/3 as of 4/10/2025 1/3 as of 4/10/2026 1/3 as of 4/10/2027	N/A
SO 2023-3	1/3 as of 4/10/2025 1/3 as of 4/10/2026 1/3 as of 4/10/2027	N/A
SO 2024	1/3 as of 1/07/2025 1/3 as of 1/07/2026 1/3 as of 1/07/2027	N/A

Share-based compensation expense relates to BSPCEs, BSAs and SOs granted to employees and to the Company directors. For the year ended December 31, 2024, the breakdown of the expense is as follows:

(in thousands of euros)	**Grant date**	**Share based payment expense for the year ended December 31, 2024**		
Type		**R&D**	**G&A**	**Total**
BSA 2021	01/03/2022	—	—	—
BSA 2022	05/31/2022	—	(6)	(6)
Total BSAs		—	**(6)**	**(6)**

SO 2020	07/30/2020	—	—	(—
SO 2020	08/22/2020	—	—	—
SO 2020	02/02/2021	—	—	—
SO 2021	08/11/2021	—	(83)	(83)
SO 2021	12/19/2021	—	—	—
SO 2022	02/03/2022	(2)	—	(2)
SO 2022	05/31/2022	—	—	—
SO 2023	03/15/2023	(59)	(72)	(132)
SO 2023	12/20/2023	(38)	—	(38)
SO 2023-2	4/10/2024	(401)	(110)	(511)
SO 2023-3	4/10/2024	—	(188)	(188)
SO 2024	7/01/2024	(2)	(63)	(65)
Total SOs		(502)	(516)	(1,018)
Total share-based payment expense		**(502)**	**(522)**	**(1,024)**

No awards were canceled or modified in 2024.

The main assumptions used to determine the fair value of share-based payment at the grant date, applying the Black-Scholes valuation model are as follows:

- Risk-free interest rate: (0.60)% to 2.78%
- Dividends: none
- Volatility: between 56% and 74% corresponding to the average historical volatility of a panel of comparable listed companies
- Expected term: 4.5 years

See the above tables for more details by plan.

Note 14. Financial liabilities

14.1 Maturity of financial liabilities

The maturity of financial and lease liabilities is determined as of December 31, 2023 was as follows:

(in thousands of euros)	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Conditional advances	831	—	—	831
Zero-interest innovation loan	285	237	48	—
Other financial liabilities	**1,116**	**237**	**48**	**831**
Government guaranteed loans	1,991	753	1,238	—
Debt…	**1,991**	**753**	**1,238**	—
Lease liabilities	**874**	**321**	**553**	—
As of December 31, 2023	**3,981**	**1,311**	**1,839**	**831**

The maturity of financial and lease liabilities as of December 31, 2024 was as follows:

(in thousands of euros)	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Conditional advances	1,005	—	—	1,005
Zero-interest innovation loan	91	91	—	—
Other financial liabilities	**1,096**	**91**	—	**1,005**
Government guaranteed loans	1,240	667	573	—
Debt…	**1,240**	**667**	**573**	—
Lease liabilities	**874**	**422**	**452**	—
As of December 31, 2024	**3,210**	**1,181**	**1,025**	**1,005**

14.2 Other financial liabilities

Other financial liabilities comprise conditional advances that have been received from public authorities under contracts with *Bpifrance Financement* (formerly OSEO Innovation) and the *Languedoc-Roussillon region*.

The portion of conditional advances to be repaid in more than one year is recognized in non-current liabilities, and the portion to be repaid within one year is recognized in current liabilities.

The table below shows the changes in liabilities over the reporting period:

(in thousands of euros)	Zero-interest innovation loan	R&D innovation loan	Patriot	Total conditional advances
As of January 1, 2023	**475**	**228**	**456**	**1,159**
Proceeds	—		785	785
Repayments	(190)	(240)	—	(430)
Subsidies	—	—	(371)	(371)
Impacts of discounting and accretion	—	12	—	12
Capitalized interest	—	—	43	43
Other …	—	—	(82)	(82)
As of December 31, 2023	**285**	**—**	**831**	**1,116**

(in thousands of euros)	Zero-interest innovation loan	R&D innovation loan	Patriot	Total conditional advances
As of January 1, 2024	**285**	—	**831**	**1,116**
Proceeds	—	—	—	**—**
Repayments	(190)	—	—	**(190)**
Subsidies	—	—	—	**—**
Impacts of discounting and accretion	—	—	—	**—**
Capitalized interest	—	—	174	**174**

Financial expenses.....	20	—	—	**20**
Other ……....	(24)	—	—	**(24)**
**As of December 31, 2024..... **	**91**	**—**	**1,005**	**1,096**

Zero-interest innovation loan

On January 13, 2017, the Company received a zero-interest innovation loan (PTZI), which was granted jointly by *Bpifrance Financement* and the *Occitanie* region. This loan of €950 thousand loan is repayable in 20 quarterly instalments of €47 thousand. The first instalment was paid on December 31, 2019, and the second instalment in September 2020 following a six-month deferral of all payments to Bpifrance pursuant to the COVID-19 measures implemented by the French government. A third instalment was paid in December 2020. In fiscal 2021, the Company paid four additional instalments totaling €190 thousand.

In fiscal 2022, the Company paid three additional installments totaling €142 thousand.

In fiscal 2023, the Company paid four additional installments totaling €190 thousand.

In fiscal 2024, the Company paid four additional installments totaling €190 thousand.

As of December 31, 2024, the balance of the loan totaled €95 thousand.

R&D Innovation loan

On July 27, 2014, *Bpifrance Financement* and the *Languedoc-Roussillon* region awarded the Company a loan of €860 thousand for a study to develop an innovative therapeutic solution to protect against inner ear injuries. The principal stages of this advance were as follows:

• €680 thousand (€240 thousand from the Languedoc-Roussillon region's Innovation Plus fund and €440 thousand from Bpifrance funds) was paid to the Company in July 2014 when the contract was signed.

• €180 thousand (€60 thousand from the Languedoc-Roussillon region's Innovation Plus fund and €120 thousand from Bpifrance funds) was paid to the Company in August 2016 when the program was completed.

• €520 thousand was refundable regardless of program success or failure, and €340 thousand was refundable only in the event of program success. All conditions for full repayment have been met.

The Company repaid the €240 thousand outstanding balance on the innovation aid during the year 2023.

Patriot

Bpifrance Financement granted the Company a refundable advance in connection with its contribution to the "PATRIOT" competitiveness clusters fundamental R&D project.

This subsidy representing a maximum amount of €4,833 thousand breaks down as follows:

• First payment upon signing the contract: €724 thousand (payment received in August 2020)

• Key stage 1 & 2: €785 thousand disbursed in August 2023

• Key stage 3: €2,168 thousand as of February 1, 2025,

• Key stage 4: €430 thousand as of February 1, 2028,

• Balance of the subsidy: €726 thousand as of February 1, 2029.

The refundable advance will be refunded according to the following provisional schedule:

• as of July 31, 2031: €1,250 thousand

• as of July 31, 2032: €1,250 thousand

• as of July 31, 2033: €1,250 thousand

• as of July 31, 2034: €1,250 thousand

After payment of the refundable advance, the Company could make additional payments for a period of five years of up to €2,450 thousand depending on the achievement of cumulative revenue of €40,000 thousand.

The fair value of the non-current conditional advances was €653 thousand as of December 31, 2023 using a discount rate of 11.8% and €893 thousand as of December 31, 2024 using a discount rate of 8.5%.

14.3 Government guaranteed Loans

Movements relevant to debts relating to government guaranteed loans break down as follows:

(in thousands of euros)	Government guaranteed Loans
As of January 1, 2023	**2,691**
Proceeds.	—
Repayments	(700)
Interests paid	(1)
Interest capitalized	1
As of December 31, 2023	**1,991**

(in thousands of euros)	Government guaranteed Loans
As of January 1, 2024	**1,991**
Proceeds	—
Repayments	(703)
Interests paid.	—
Interest capitalized	52
Other	(100)
As of December 31, 2024	**1,240**

The Company received two Government guaranteed Loans (GGL) and one innovation loan R&D in the wake of the COVID-19 crisis.

On October 1, 2020, the Company obtained a GGL from Société Générale for an amount of €1,500 thousand. This loan is repayable in 48 instalments starting on October 24, 2022. The annual interest rate is 0.58%.

On October 8, 2020, the Company obtained a GGL from CIC for an amount of €500 thousand. This loan is repayable in 48 instalments starting on November 5, 2022. The annual interest rate is 0.70%.

On September 8, 2020, the Company obtained an innovation loan R&D issued by Bpifrance Financement and the Ministry of the Economy, Finance and Recovery in the amount of €1,000,000. This loan is repayable in 20 instalments starting on December 31, 2021 and ending on September 30, 2026.

14.4 Lease liabilities

Movements relevant to debs relating to lease liabilities break down as follows:

(in thousands of euros)	Lease liabilities
As of January 1, 2023	**1,073**
Additions	-
Repayments.	(410)
Impacts of discounting and accretion	24
Additions originating from the change in scope of the underlying lease	187
As of December 31, 2023	**874**

(in thousands of euros)	Lease liabilities
As of January 1, 202	**874**
Additions	462
Repayments	(446)
Impacts of discounting and accretion	-
Other	(16)
As of December 31, 2024	**874**

Lease liabilities amounted to €0.9 million as of December 31, 2023 and December 31, 2024. The residual maturity of the lease contracts was 0.5 to 3.5 years as of December 31, 2023 and 1.5 to 2.5 years as of December 31, 2024. In calculating the present value of lease payments, the Group used an incremental

borrowing rate of 5.06% to 12.7% as of December 31, 2024.

The lease liabilities mainly relate to offices and laboratories in Montpellier for which the lease began on July 1, 2018, for a term of nine years. The lease can be extended for a further three, six or nine years at the end of each term. The undiscounted potential future payments relating the nine-years periods of the extension options not included in the lease term amount to €2,124 thousand. No termination options are expected to be exercised.

Note 15. Provisions

15.1 Provisions for retirement benefit obligations

Retirement benefit obligations are determined based on the rights set forth in the national collective bargaining agreement for the French pharmaceutical industry (IDCC 176/Brochure 3104) and in accordance with IAS 19 – *"Employee Benefits"*. These rights depend on the employee's salary and tenure within the Company as of the date of their retirement.

The main actuarial assumptions used to measure the obligation:

Parameters	As of December 31, 2024	As of December 31, 2023
Retirement age (executives)	67 years	67 years
Retirement age (non-executives)	64 years	64 years
Payroll taxes	45%	45%
Salary growth rate	2%	4%
Discount rate	3.35%	3.17%
Mortality table	INSEE 2022	TGH-TGF 05

- Departure terms: voluntary departure
- Degressive staff turnover based on age

The discount rate corresponds to the rates of Eurozone AA-rated corporate bonds with maturities of over ten years.

No employees retired in 2024.

Changes in the net provision

Changes in the present value of defined benefit plans are as follows:

(in thousands of euros)	As of December 31, 2024	As of December 31, 2023
Provision at beginning of period	**281**	**166**
Other changes	(2)	2
Net benefit expense	104	73
Benefits paid	-	-
Actuarial gains or losses recognized in other comprehensive income	(161)	40
Provision at end of period	**222**	**281**

The actuarial gains (losses) resulting from demographic differences mainly relate to salary adjustments, while changes in actuarial assumptions relate to movements in the discount rate (3.17% in 2023 to 3.35% in 2024).

Breakdown of expense recognized for the year

The expense recognized in the statement of income (loss) breaks down as follows:

(in thousands of euros)	As of December 31, 2024	As of December 31, 2023
Service cost for the period	97	67
Interest expense for the period	7	6
Net benefit expense	**104**	**73**

For the year ended December 31, 2024, the total expense related to the retirement benefit obligation increases by €31 thousand in comparison to 2023.

15.2 Provision

This risk provision of €1,714 thousand is a provision for an uncertain tax position related to salary tax obligations, recognized in accordance with IAS 37.

The Company has been notified by the French tax authorities of an investigation related to the application of legislation relating to the tax on salaries for fiscal years 2020, 2021, 2022 and 2023.

A tax reassessment proposal was subsequently received by the Company on May 6, 2024, for a total claim of €505 thousand relating to fiscal years 2021 and 2022 (including €66 thousand in penalties and late payment compensation), and on September 5, 2024 for a total claim of €558 thousand relating to fiscal years 2023 (including €58 thousand in penalties and late compensation).

A provision was recognized in the financial statements as of December 31, 2024 for an amount of €1,063 thousand for the 2020-2023 period, and €651 thousand for fiscal year 2024.

This recognition represents a change in estimate with a prospective effect, as the Company did not previously expect to be challenged by the tax authorities. This expectation was supported by prevailing tax practices at the time of the initial assessment, which is why no provision was recorded as of December 31, 2023.

The Company challenges the position of the tax authorities and intends to continue discussion with tax authorities with a view to reduce the impact of the tax reassessment on the Company.

Note 16. Trade payables and related accounts, and Other non-current and current liabilities

16.1 Trade payables and related accounts

Trade payables and related accounts amounted to €3,688 thousand as of December 31, 2023 and €6,905 thousand as of December 31, 2024.

No discount was applied to trade payables and the maturity of related accounts does not exceed one year. As a result, fair value of these items approximates their carrying amount. Trade payables and related accounts are carried at amortized cost.

16.2 Other non-current and current liabilities

Other non-current and current liabilities break down as follows:

(in thousands of euros)	As of December 31, 2024	As of December 31, 2023
Deferred income	1,234	696
Other non-current liabilities	**1,234**	**696**
Social security liabilities	2,183	1,802
Tax liabilities	320	298
Other debt	87	8
Deferred income	1,264	2,474
Other current liabilities	**3,854**	**4,582**

Deferred income includes advances received in connection with:

- a collaborative agreement with Sonova (€2,140 thousand as of December 31, 2024 and €2,530 thousand as of December 31, 2023) detailed in Note 4 "*Other operating income – Collaboration agreement income"* including €1,234 thousand maturing beyond one year as of December 31, 2024 (and €696 thousand as of December 31, 2023) ; and
- and income generated by discounting conditional advances (€358 thousand as of December 31, 2024 and €640 thousand as of December 31, 2023), detailed in Note 4 "*Other operating income – Income from grants and other R&D contracts."*.

Social security liabilities correspond to bonus and vacation payables for an amount of € 2,183 thousand.

Tax liabilities correspond to VAT.

Note 17. Financial instruments recorded on the balance sheet

	As of December 31, 2023				
(in thousands of euros)	Carrying amount on the statement of financial position	Financial assets/liabilities carried at fair value through profit or loss	Financial assets carried at amortized cost	Liabilities carried at amortized cost	Fair value
Financial assets					
Non-current financial assets [1]	108	—	108	—	108
Other current assets [2]	38	—	38	—	38
Cash and cash equivalents [3]	36,974	—	36,974	—	36,974
Total financial assets	**37,120**	**—**	**37,120**	**—**	**37,120**
Financial liabilities					
Current financial liabilities [4]	1,311	—	—	1,311	1,311
Non-current financial liabilities [5]	2,670	—	—	2,670	2,492
Trade payables and related accounts [4]	3,688	—	—	3,688	3,688
Total financial liabilities	**7,669**	**—**	**—**	**7,669**	**7,491**

(in thousands of euros)	As of December 31, 2024				
	Carrying amount on the statement of financial position	Financial assets/liabilities carried at fair value through profit or loss	Financial assets carried at amortized cost	Liabilities carried at amortized cost	Fair value
Financial assets					
Non-current financial assets [1]	123	—	123	—	123
Other current assets [2]	18,934	—	18,934	—	18,934
Cash and cash equivalents [3]	66,770	—	66,770	—	66,770
Total financial assets	**85,827**	**—**	**85,827**	**—**	**85,827**
Financial liabilities					
Current financial liabilities [4]	1,181	—	—	1,181	1,181
Non-current financial liabilities [5]	2,029	—	—	2,029	2,029
Trade payables and related accounts [4]	10,758	—	—	10,758	10,758
Total financial liabilities	**13,968**	**—**	**—**	**13,968**	**13,968**

Tax and employee-related payables are non-financial liabilities and are therefore excluded from the above table.

(1) The non-current financial assets correspond to tenant deposits and qualify as financial assets in accordance with IAS 32. The difference between the fair value of the tenant deposits and carrying amount is not material.

(2) The other current assets correspond to prepayments to suppliers. The carrying amount of short-term financial assets measured at amortized cost is deemed to be a reasonable estimation of fair value.

(3) The fair value of cash and cash equivalents is determined based on Level 1 fair value measurements and corresponds to the market value of the assets.

(4) The carrying amount of short-term financial liabilities measured at amortized cost is deemed to be a reasonable estimation of fair value.

(5) Under IAS 7.29, disclosures of fair value are not required for lease liabilities. The fair value of the other non-current financial liabilities is described in Note 14.2 "*Other financial liabilities"*.

The Company is exposed to liquidity risk, interest rate risk, foreign currency exchange risk and credit risk (see Note 3.18 "Management and assessment of financial risks"). Management considers that the exposure to currency exchange and credit risks is not material.

Note 18. Off-balance sheet commitments

18.1 Commitments given

Lease guarantees, such as deposits, are booked under other financial assets. There are no other lease obligations apart from those described in Note 14.

The Group enters into contracts for its business needs with Clinical Research Organizations (CROs) for clinical trials and toxicity studies in particular, as well as with Contract Manufacturing Organizations (CMOs) for clinical supply manufacturing.

The Group's agreements are generally cancellable contracts and provide for termination with specified periods of advance notice and cancellation fees.

The Company has not identified any other material off balance sheet commitments as of December 31, 2024.

18.2 Commitments received

The Company has not received any guarantees.

Note 19. Related-party transactions

The items of compensation shown below, which were paid to the members of the Company's Board of Directors, were expensed during the periods presented:

(in thousands of euros)	Year ended December 31, 2024	Year ended December 31, 2023
Short-term employee benefits including salaries, bonus and social security contributions	1,325	1,124
Directors fees	356	155
Consulting fees	-	23
Share-based payments	341	184
Net total	**2,022**	**1,486**

For the year ended December 31, 2024, the following transactions were approved at the Annual General Meeting:

- A security purchase agreement signed on February 13, 2024 with Invus Public Equities LP
- A security purchase agreement signed on February 13, 2024 with Sofinnova Partners
- A security purchase agreement signed on February 13, 2024 with Redmile Group LLC
- A security purchase agreement signed on April 11, 2024 with Artal International
- A security purchase agreement signed on April 11, 2024 with Sofinnova Partners
- A security purchase agreement signed on April 11, 2024 with Redmile Group LLC

For the year ended December 31, 2023, the following transactions were approved at the Annual General Meeting:

- A subscription contract signed on August 3, 2023, with Invus Public Equities LP, as part of the Private Placement
- A subscription contract signed on August 3, 2023, with Sofinnova Partners, as part of the Private Placement

Non-executive directors are not entitled to pension benefits from the Group.

Note 20. Basic and diluted earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net income (loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	Year ended December 31, 2024	Year ended December 31, 2023
Net loss for the period (in thousands of euros)	(25,972)	(22,063)
Weighted average number of shares outstanding used to calculate basic/diluted loss per share [(1)]	283,969,129	122,501,538
Basic / diluted loss per share (in Euros per share)	**(0.09)**	**(0.18)**

(1) In accordance with IAS 33.19, the basic/diluted loss per share excludes treasury shares held by the Group as of December 31, 2023 and 2024

As the Company recorded a loss in 2023, diluted earnings (loss) per share are identical to basic earnings (loss) per share. Share based payment plans (177,694 BSAs, 899,810 BSPCEs and 1,457,944 SOs, representing 2,535,448 issuable shares as of December 31, 2023 and 672,254 BSAs, 665,110 BSPCEs, 2,771,355 SOs as of December 31, 2024) are not included as their effects would be anti-dilutive.

Note 21. Events after the reporting date

Since the end of the fiscal year, the key business updates are as follows:

Research and development

Since the end of the fiscal year, the key business updates are as follows:

On February 12, 2025, Sensorion announced the presentation of two posters during the Association for Research in Otolaryngology 48th Annual Midwinter Meeting, that took place on February 22-26, 2025, in Orlando, USA.

On February 21, 2025, Sensorion received a positive recommendation from the Data Monitoring Committee of Audiogene, after reviewing the first cohort safety data.

On March 7, 2025, Sensorion announced the end of patient enrollment in NOTOXIS, its Phase 2a POC clinical trial of SENS-401 in Cisplatin-Induced Ototoxicity.

Financial Statements

As of December 31, 2024

ERNST & YOUNG Audit
14, rue du Vieux Faubourg
59042 Lille cedex

Tél. : +33 (0) 3 28 04 35 00
www.ey.com/fr

Sensorion

Year ended December 31, 2024

Statutory auditor's report on the financial statements

To the Annual General Meeting of Sensorion,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Sensorion for the year ended December 31, 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2024 to the date of our report.

S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Société de Commissaires aux Comptes
Société d'expertise comptable inscrite au Tableau
de l'Ordre de la Région Lille Nord Pas de Calais

Siège social : 1-2, place des Saisons - 92400 Courbevoie - Paris-La Défense 1

Justification of Assessments

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you that, in our professional judgment, the most significant assessments we made were related to the appropriateness of the accounting policies used, to the reasonableness of the significant accounting estimates and to the overall presentation of the financial statements.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

- **Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders**

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

- **Information relating to Corporate Governance**

We attest that the section of the management report of the Board of Directors on Corporate Governance sets out the information required by Article L. 225-37-4 of the French Commercial Code (*Code de commerce*).

- **Other information**

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Lille, March 13, 2025

The Statutory Auditor
French original signed by
ERNST & YOUNG Audit

Sandrine Ledez

4.1 Balance Sheet

4.1.1 Assets

(In thousands of euros)	Note	Dec. 31, 2024 Gross	Depr., amort. & provisions	Net	Dec. 31, 2023 Net
Non-current assets					
Intangible assets	**1**				
Concessions, patents, software		1,773	1,027	746	506
Property, plant and equipment	**2**				
Buildings		340	75	265	299
Technical installations, machinery and equipment		3,221	1,613	1,608	1,187
Other plant and equipment		205	143	62	61
Prepayments to suppliers of property, plant and equipment		61	-	61	391
Non-current financial assets	**3**				
Non-current financial assets		265	14	251	193
Total non-current assets		**5,864**	**2,872**	**2,993**	**2,638**
Current assets					
Receivables	**4**				
Prepayments to suppliers		123	-	123	38
Other receivables		7,436	405	7,030	5,615
Cash and cash equivalents					
Marketable securities, term deposits		62,177	-	62,177	35,483
Cash at bank and in hand		14,676	-	14,676	1,409
Other current assets					
Prepaid expenses		1,335	-	1,335	571
Total current assets		**85,747**	**405**	**85,342**	**43,117**
Accruals					
Unrealised foreign exchange losses		55	-	55	62
TOTAL ASSETS		**91,667**	**3,277**	**88,390**	**45,817**

4.1.2 Equity and Liabilities

(In thousands of euros)	Note	Dec. 31, 2024	Dec. 31, 2023
Equity	**5**		
Share capital		30,066	18,708
Additional paid-in capital		103,907	73,190
Retained earnings/(deficit)		(36,934)	(36,934)
Net loss for the period		(25,143)	**(21,598)**
Total equity		**71,896**	**33,367**
Provisions for contingencies and charges			
Provisions for charges	**6**	1,990	341
Total provisions for contingencies and charges		**1,990**	**341**
Liabilities (1)	**7/8**		
Bank borrowings (2)		1,292	1,997
Other borrowings		1,604	1,794
Trade payables		6,863	3,658
Taxes and payroll costs payable		2,289	2,102
Amounts due to suppliers of fixed assets		147	21
Other payables		141	-
Deferred income	**9**	2,140	2,530
TOTAL LIABILITIES		**14,476**	**12,101**
Accruals			
Unrealised foreign exchange gains		27	8
TOTAL EQUITY AND LIABILITIES		**88,390**	**45,817**
(1) Due beyond 1 year		*3,335*	*3,490*
(1) Due within 1 year		*11,142*	*8,611*
		4	*6*

4.2 Statement of Income

(In thousands of euros)	Note	2024	2023
Net revenue			
Sales of goods held for resale		-	-
Sales of services		-	-
Total net revenue		**-**	**-**
Operating income			
Operating grants		849	955
Provision reversals and expense transfers		381	38
Other income		412	107
Total operating income (I)		**1,642**	**1,100**
Operating expenses	**10**		
Purchases of raw materials		873	781
Other purchases and external charges		22,145	19,189
Taxes other than on income		104	110
Wages and salaries		5,534	4,731
Payroll taxes		2,564	2,072
Depreciation and amortization expense, impairment losses		710	587
Provision expense		1,532	113
Other expenses		437	251
Total operating expenses (II)		**33,898**	**27,835**
OPERATING LOSS (I-II)		**(32,255)**	**(26,734)**
Financial income			
Other interest income		2,912	751
Provision reversals		-	516
Foreign exchange gains		2	-
Total financial income (III)		**2,914**	**1,267**
Financial expenses			
Amortization and provision expense, impairment losses		80	386
Interest expense		15	25
Foreign exchange losses		1	-
Total financial expenses (IV)		**96**	**412**
NET FINANCIAL INCOME (III-IV)	**11**	**2,818**	**855**
LOSS FROM ORDINARY ACTIVITIES BEFORE TAX (I-II+III-IV)		**(29,438)**	**(25,879)**
Non-recurring income			
Non-recurring income from capital transactions		55	46
Non-recurring income from revenue transactions		1	25
Provision reversals		-	-
Total non-recurring income (V)		**56**	**71**
Non-recurring expenses			
Non-recurring expenses on revenue transactions		165	18
Non-recurring expenses on capital transactions		18	35
Total non-recurring expenses (VI)		**183**	**53**
NET NON-RECURRING INCOME (V-VI)	**12**	**127**	**18**
Income taxes	**15**	(4,422)	(4,263)
NET LOSS FOR THE PERIOD		**(25,143)**	**(21,598)**

4.3 Notes to the parent company financial statements

The Company's fiscal year covers the 12 months from January 1 to December 31, 2024.

The following notes form an integral part of the balance sheet, which shows total assets of €88,390 thousand, and the income statement, which shows a net loss of €25,143 thousand.

4.4 The Company

Sensorion (the 'Company') is a pioneering clinical-stage biotech company, which specializes in the development of novel therapies to restore, treat and prevent hearing loss disorders, a significant global unmet medical need.

Sensorion has built a unique R&D technology platform to expand its understanding of the pathophysiology and etiology of inner ear related diseases, enabling it to select the best targets and mechanisms of action for drug candidates.

It has two gene therapy programs aimed at correcting hereditary monogenic forms of deafness, developed in the framework of its broad strategic collaboration focused on the genetics of hearing with the Institut Pasteur. SENS-501 (OTOF-GT) targets deafness caused by mutations of the gene encoding for otoferlin and is currently developed in a Phase 1/2 clinical study, and GJB2-GT targets hearing loss related to mutations in GJB2 gene to potentially address important hearing loss segments in adults and children. The Company is also working on the identification of biomarkers to improve diagnosis of these underserved illnesses.

Sensorion's portfolio also comprises programs of a clinical-stage small molecule, SENS-401 (Arazasetron), for the treatment and prevention of hearing loss disorders. Sensorion's small molecule progresses in a Phase 2 proof of concept clinical study of SENS-401 in Cisplatin-Induced Ototoxicity (CIO) for the preservation of residual hearing. Sensorion, with partner Cochlear Limited, completed in 2024 a Phase 2a study of SENS-401 for the residual hearing preservation in patients scheduled for cochlear implantation. A Phase 2 study of SENS-401 was also completed in Sudden Sensorineural Hearing Loss (SSNHL) in January 2022.

In May 2024, Sensorion incorporated Sensorion Limited, a wholly owned subsidiary in the United Kingdom, with the object to support local activities for Sensorion.

4.5 Significant events of the year

Gene therapies for hereditary monogenic hearing loss

In 2024, Sensorion progressed in its portfolio of gene therapies developed in collaboration with the Institut Pasteur. It notably achieved several milestones with its lead candidate SENS-501, for the treatment of hearing loss caused by otoferlin deficiency.

SENS-501: Gene therapy program to restore hearing in OTOF patients

Sensorion's SENS-501 dual vector AAV (adeno-associated virus) gene therapy development product aims at restoring hearing in patients with mutations in OTOF gene who suffer from severe to profound sensorineural prelingual non syndromic hearing loss. Otoferlin related hearing loss is responsible for up to 8% of all cases of congenital hearing loss, with around 20,000 people affected in the US and Europe[2].

On January 19, 2024, Sensorion announced the approval to initiate the Phase 1/2 gene therapy clinical trial of SENS-501, Audiogene. The study design consists of two cohorts of two doses followed by an expansion cohort at the selected dose. While the safety will be the primary endpoint for the dose escalation cohort, the auditory brainstem response (ABR) will be the primary efficacy endpoint of the dose expansion cohort.

[2] Rodríguez-Ballesteros M, Reynoso R, Olarte M, Villamar M, Morera C, Santarelli R, Arslan E, Medá C, Curet C, Völter C, Sainz-Quevedo M, Castorina P, Ambrosetti U, Berrettini S, Frei K, Tedín S, Smith J, Cruz Tapia M, Cavallé L, Gelvez N, Primignani P, Gómez-Rosas E, Martín M, Moreno-Pelayo MA, Tamayo M, Moreno-Barral J, Moreno F, del Castillo I. A multicenter study on the prevalence and spectrum of mutations in the otoferlin gene (OTOF) in subjects with nonsyndromic hearing impairment and auditory neuropathy. Hum Mutat. 2008 Jun;29(6):823-31. doi: 10.1002/humu.20708. PMID: 18381613.

Audiogene will also assess the clinical safety, performance, and usability of the administration device system developed by Sensorion. Additionally, Sensorion received the European Medicines Agency's decision agreeing on a Pediatric Investigation Plan (PIP) for SENS-501, in September 2024.

In September 2024, Sensorion reported the injection of the first patient recruited in the Audiogene trial, and, during the symposium it held during the World Congress of Audiology, reported initial safety data of the first patient .

In December 2024, Sensorion announced the patient recruitment completion of the first cohort of patients in the Audiogene study, with all first three toddlers and infants having received an injection of the gene therapy product, SENS-501.

Sensorion expects the second cohort of patient recruitment completion in H1 2025.

GJB2-GT: Gene therapy program to restore hearing in GJB2 patients

Sensorion's AAV-based GJB2 gene therapy program, initiated in 2021 and developed in collaboration with the Institut Pasteur, has the potential to address three pathologies related to GJB2 mutations: early onset of presbycusis in adults, progressive forms of hearing loss in children, and pediatric congenital deafness.

The Company provided GJB2-GT Proof-of-Concept data at the European Society of Cell & Gene Therapy (ESGCT), which took place on October 22-25, 2024, Rome, Italy. Sensorion is advancing the candidate into CTA/IND-enabling activities for anticipated submission in Q1 2026.

SENS-401, Sensorion's small molecule for the prevention of hearing loss

SENS-401 (Arazasetron) is a small molecule that Sensorion develops in three indications: (i) to treat Sudden Sensorineural Hearing Loss SSNHL (Phase 2b completed), (ii) to prevent residual hearing loss following cochlear implantation, in partnership with Cochlear Limited (Phase 2a completed), and (iii) to prevent Cisplatin-Induced Ototoxicity (Phase 2a ongoing). SENS-401 is an orally available small molecule that aims at protecting and preserving inner ear tissue from damage, responsible for hearing impairment. SENS-401 has been granted Orphan Drug Designation by in Europe for the treatment of SSNHL, and in the U.S. for the prevention of Cisplatin-Induced Ototoxicity in pediatric population.

SENS-401 to prevent residual hearing loss after cochlear implantation.

Sensorion's Phase 2a Proof of Concept clinical trial of SENS-401 in association with cochlear implantation was a multicentric, randomized, controlled open-label trial aimed at evaluating the presence of SENS-401 in the cochlea (perilymph) after 7 days of twice-daily oral administration in adult patients prior to cochlear implantation due to moderately severe to profound hearing impairment. Patients started treatment with SENS-401 7 days before implantation and continued to receive SENS-401 for a further 42 days. This study has been developed in collaboration with Cochlear Limited, the global leader in implantable hearing solutions.

On February 1, 2024, Sensorion announced the completion of patient inclusion in the Phase 2a POC clinical trial.

On March 11, 2024, Sensorion announced that the primary endpoint was met with the confirmation of presence of SENS-401 in the perilymph at a level compatible with potential therapeutic efficacy in 100% of the patients sampled, 7 days after the start of the treatment.

On September 20, 2024, study investigator Professor Stephen O'Leary, M.D., Ph.D., during the symposium organized by Sensorion at the World Congress of Audiology, and Professor Christophe Vincent in a dedicated session on auditory implants for adults, reported analysis of Sensorion's final data of SENS-401. After 7 weeks of treatment with SENS-401 (and 6 weeks after cochlear implantation), the reduction in residual hearing loss was systematically better at the 3 frequencies 250, 500 & 750Hz in the group treated with SENS-401. This protective effect was maintained 8 weeks after cessation of treatment (14 weeks after cochlear implantation). The results show that patients treated with SENS-401 have 'complete' hearing preservation (40% of patients) compared with the control group (0% of patients) according to the Skarzynski index. In addition, the favorable safety profile of SENS-401 has been validated, in line with previous studies on SENS-401.

SENS-401 to prevent Cisplatin Induced Ototoxicity (CIO).

Cisplatin and other platinum-based compounds are essential chemotherapeutic agents in the treatment of many cancers. A serious side effect of these therapies is ototoxicity, permanent and irreversible hearing loss, which occurs in 40 to 60%[3] of adult and pediatric patients treated. This indication represents a significant unmet medical need for patients and constitutes a potential large global market.

The Phase 2a Proof-of-Concept (POC) NOTOXIS trial is a multicenter, randomized, controlled, open-label study, designed to evaluate the efficacy of SENS-401 to prevent ototoxicity induced by cisplatin in adult patients with a neoplastic disease 4 weeks after the completion of cisplatin-based chemotherapy. The trial assesses several outcome measures, including the rate and severity of ototoxicity, the change from baseline in Pure Tone Audiometry (PTA) (dB) throughout the study and the tolerance.

On July 23, 2024, Sensorion announced a positive recommendation from the Data Safety Monitoring Board (DSMB) regarding the continuation of NOTOXIS.

On September 20, 2024, Professor Yann Nguyen reported preliminary safety and efficacy data in Sensorion's NOTOXIS trial, during the World Congress of Audiology. The preliminary data show that a cumulative dose of cisplatin is a key factor of ototoxicity severity. A good safety profile of SENS-401 is confirmed in the long term, with the drug being administered for the first time for an average duration of up to 23 weeks. The preliminary results suggest a trend toward an otoprotective effect of SENS-401 beyond a cisplatin dose of 300 mg/m2. Despite significant exposure to cisplatin in the treatment group, most participants showed only mild ototoxicity.

Strengthening the Board of Directors and senior leadership

On January 25, 2024, Sensorion announced the nomination of Dr. Federico Mingozzi as board member.

On June 27, 2024, Sensorion appointed Laurene Danon as Chief Financial Officer.

Strengthening of Sensorion's capital

On February 9, 2024, Sensorion completed a €50.5million offering reserved to specific categories of investors through the issuance of 88,594,737 new ordinary shares of the Company at a price per new share of €0.57 to the benefit of Redmile Group, Invus and Sofinnova Partners, existing shareholders, and leading US Healthcare Specialists funds including Aquilo Capital, as well as two large investment management firms.

The Company intends to use the net proceeds from this reserved offering, which amount to circa €47 million (based on the aggregate subscription price), to fund the Company's R&D activities (overing GJB2 CTA submission and the first two cohorts of the Audiogene Phase 1/2 clinical trial) as well as for other R&D and corporate overhead expenses.

On April 8, 2024, Sensorion announced a €15 million offering reserved to specific categories of investors through the issuance of 24,574,694 new ordinary shares of the Company at a price per new share of €0.63 to the benefit of existing shareholders including Redmile Group, Invus, Sofinnova Partners and a large investment management firm.

The Company intends to use the net proceeds from this reserved offering, which amounts to c. €14.8 million (based on the aggregate subscription price), to fund the Company's R&D activities until the end of 2025, covering GJB2 CTA submission and the first two cohorts of the Audiogene Phase 1/2 clinical trial, as well as for other R&D and corporate overhead expenses. This financing enabled the Company to extend its cash runway through the end of 2025.

4.6 Significant events after the reporting date

Since the end of the fiscal year, the key business updates are as follows:

[3] JCO Oncology practice, ASCO, volume 19, Issue 5/ CIO: a concise review of the burden, prevention and interception strategies, May 2024 Chattaraj.

On February 12, 2025, Sensorion announced the presentation of two posters during the Association for Research in Otolaryngology 48th Annual Midwinter Meeting, that took place on February 22-26, 2025, in Orlando, USA.

On February 21, 2025, Sensorion received a positive recommendation from the Data Monitoring Committee of Audiogene, after reviewing the first cohort safety data.

On March 7, 2025, Sensorion announced the end of patient enrollment in NOTOXIS, its Phase 2a POC clinical trial of SENS-401 in Cisplatin-Induced Ototoxicity.

Sensorion's next milestones

- H1 2025 - SENS-501: Enrolment of the second cohort of patients completed for the Audiogene trial and KOL event
- H2 2025 - SENS-401 in Cisplatin-Induced Ototoxicity: Topline results
- Q1 2026 - GJB2-GT: Clinical Trial Applications filing

4.7 Group companies

As of December 31, 2024, Sensorion had the following subsidiaries

Company	Country	% interest
Sensorion Pharmaceuticals SA	France	Parent company
Sensorion Pharmaceuticals, Inc.	United States	100%
Sensorion Australia Pty	Australia	100%
Sensorion Ltd	United Kingdom	100%

The consolidated financial statements, prepared by Sensorion, SIRET 512 757 725, domiciled at 375 avenue du Professeur Joseph Blayac, 34800 Montpellier, are available on the Company's website.

4.8 Summary of significant accounting policies

The financial statements for the period have been prepared in accordance with the statutes and regulations applicable in France, French Accounting Standards Authority (ANC) Regulation no. 2014-03.

The conventions below have been applied in compliance with the principle of prudence, in accordance with the following basic assumptions:
- the consistency concept;
- the accruals concept;
- the comparability and going concern concepts,
in accordance with the general rules for preparing and presenting annual financial statements.

The annual financial statements were prepared on a going concern basis in the context described below.

The Board of Directors decided to apply the going concern assumption.

The Company had available net cash of €76.9 million as of December 31, 2024 and its working capital is therefore sufficient to meet its cash requirements beyond the next twelve months, i.e. until the end of the first quarter of 2026.

Accounting policies

Property, plant and equipment and intangible assets are carried in the balance sheet at their contributed value or initial acquisition cost. Depreciation of property, plant and equipment is calculated using the straight-line or reducing balance method to match the reduction in the assets' economic value.

As of the reporting date, if events or market trends indicate that the value of an intangible asset or item of property, plant and equipment may be impaired, the future revenue expected to be derived from the use of the asset is compared with its net carrying amount and, if necessary, a provision for impairment is recorded to reduce the carrying amount to its value in use.

Intangible assets

Research costs are expensed as incurred.

Development costs are recognised as intangible assets only if all of the following can be demonstrated:

a) the technical feasibility of completing the intangible asset;
b) the Company's intention to complete the intangible asset and use it;
c) the Company's ability to use the intangible asset;
d) how the intangible asset will generate probable future economic benefits;
e) the availability of adequate technical, financial and other resources to complete the development; and
f) the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

In light of the risks and uncertainties associated with the regulatory approval process and research and development process, the Company considers that the six criteria set out above are met only once the Marketing Authorization has been obtained.

Intangible assets consist of patents and purchased software licenses. They are amortized on a straight-line basis over their estimated useful life.

Intangible assets	Amortization period
Patents	5 years
Software	1 year
Palau licence	14 years

Property, plant and equipment

Property, plant and equipment are measured at acquisition or production cost, including any costs incurred in bringing the assets to their working condition and after deducting trade discounts or rebates and cash discounts.

The Company considers that it does not hold any assets comprising significant components with varying useful lives.
Depreciation is calculated on a straight-line basis over the following expected useful lives:

Property, plant and equipment	Depreciation period
Buildings and fixtures	3 to 10 years
Laboratory equipment	3 to 5 years
Office and computer equipment	3 to 5 years
Furniture	5 years

Non-current financial assets

Non-current financial assets are recognized at historical cost and a provision is recorded for any impairment of value.

Financial assets mainly comprise:
- cash allocated to the liquidity agreement signed with a financial intermediary to ensure the liquidity of the Company's shares and stabilize the share price;
- shares held in treasury for liquidity agreement transactions;
- paid deposits and bonds.

Trade receivables and payables

Receivables and payables are measured at their face value and a provision for impairment is recorded, if necessary, to cover any risk of non-recovery.

Receivables and payables in foreign currencies are converted into euros at the reporting date exchange rate and conversion differences are recorded in an accruals account on the assets or liabilities side of the balance sheet, depending on whether it represents an unrealized loss or gain. Unrealized foreign exchange losses are covered by a provision.

Accrued income related to cash and cash equivalents

Accrued income related to cash and cash equivalents consists of accrued interest on term deposits calculated as of the reporting date.

Cash and bank overdrafts

Cash at bank and in hand is measured at nominal value.
Immediately available cash and cash equivalents in foreign currencies are converted into euros at the exchange rate ruling on the reporting date.

Provisions

The Company records provisions for contingencies and charges in accordance with the definition given in CRC Notice 00-06 on liabilities, as follows:

- a provision for contingencies and charges is a liability of uncertain timing or amount;
- a liability is a component of an entity's net assets with a negative economic value, i.e. an obligation towards a third party, the settlement of which is expected to result in an outflow of resources to the third party without at least equivalent consideration expected from the third party in return.

Grants and conditional advances

The Company receives public aid in the form of government grants and conditional advances.
Grants are recognized in the period in which they become certain, taking into account the conditions attached to the grant.
Operating grants are recorded as revenue in the period or periods in which the expenses covered by the grant are incurred, in order to comply with the principle of matching expenses to income.

Advances received from public bodies to finance the Company's research activities that are repayable only if the research is successful, are recorded on the liabilities side of the balance sheet under "Other equity". Any portion of the advance that is repayable even if the research is unsuccessful is reclassified under "Other financial liabilities".

Commitments to employees

The Company consistently applies the recommended method set out in regulation ANC 2013-02 for the recognition of provisions for retirement allowances.
Company employees may receive an allowance on retirement.
The obligation for the payment of these allowances is measured at the year-end using a statistical method.
The calculation is performed separately for each individual employee and the Company's commitment is the sum of the individual commitments.
The total commitment is recognized under "Provisions for contingencies and charges".

On November 5, 2021, the Board of the ANC amended the provisions of recommendation no. 2013-02 of November 7, 2013 concerning the recognition and measurement of obligations for the payment of retirement pensions and other benefits. The amendment introduced a change of method that modifies the recognition of benefit rights and the vesting period.

Since December 31, 2021, the Company has applied the method whereby vested rights are determined based on (i) the employees' length of service for a capped maximum amount and (ii) their continued presence within the Company when they reach retirement age. In accordance with this method, as of the measurement date the obligation is prorated over employees' years of service up to retirement age (intermediate steps method).

4.9 NOTES

NOTE 1 - Intangible assets

Intangible assets break down as follows:

	Jan. 1, 2024	Increases	Decreases	Dec. 31, 2024
(In thousands of euros)				
Gross	**1,135**	**428**	-	**1,773**
Concessions, patents, software	1,345	428	-	1,773
Amortization	**839**	**189**	-	**1,028**
Concessions, patents, software	839	189	-	1,028
Net	**506**	**239**	**-**	**746**

NOTE 2 - Property, plant and equipment

Property, plant and equipment can be analyzed as follows:

	Jan. 1, 2024	Increases	Decreases	Dec. 31, 2024
(In thousands of euros)				
Gross	**2,911**	**973**	**119**	**3,765**
General installations	340	-	-	340
Technical installations, machinery and equipment	2,342	929	49	3,221
Office and IT equipment	208	44	48	205
Furniture	22	-	22	-
Depreciation	**1,364**	**547**	**80**	**1,830**
General installations	41	34	-	75
Technical installations, machinery and equipment	1,155	477	19	1,613
Office and IT equipment	146	36	39	143
Furniture	22	-	22	-
Net	**1,547**	**426**	**39**	**1,935**

Increases for the year mainly concerned laboratory and clinical equipment (injection system).

NOTE 3 — Non-current financial assets

Non-current financial assets break down as follows:

	Jan. 1, 2024	Increases	Decreases	Dec. 31, 2024
(In thousands of euros)				
Gross	**212**	**714**	**662**	**265**
Shares in subsidiaries and affiliates	-	-	-	-
Other long-term investments	97	322	290	129
Treasury shares (liquidity agreement)	9	327	322	14
Paid deposits and bonds	106	66	50	121
Provisions for impairment	**19**	**14**	**19**	**14**
Other long-term investments	19	14	19	14
Net	**193**	**700**	**642**	**251**

Share in subsidiaries and affiliates correspond to shares in the following subsidiaries:

- Sensorion Pharmaceuticals, Inc., wholly-owned by Sensorion SA, for US$100;
- Sensorion Australia Pty Ltd, wholly-owned by Sensorion SA, for AU$1;
- Sensorion UK Limited, wholly-owned by Sensorion SA, for £100.

Other long-term investments include Sensorion shares held in treasury that were acquired under the liquidity agreement, i.e. 173,701 shares valued in the accounts at the average price for the last month of the year.

Deposits and bonds consist of guarantee deposits paid for the Company's premises.

NOTE 4 - Receivables

A breakdown of receivables is provided in the table below:

	Due within 1 year	Due beyond 1 year	Gross	Impairment	Net
(In thousands of euros)					
Prepayments to suppliers	89	-	89		89
Credit notes receivable from suppliers	34	-	34		34
Employee advances and prepaid payroll costs	15	-	15		15
Research tax credit	4,422	-	4,422		4,422
Recoverable VAT	2,120	-	2,120		2,120
Grants receivable	-	-	-		-
Other receivables	347	-	347		347
Advances to subsidiaries and affiliates	532	-	532	405	126
Prepaid expenses	1,335	-	1,335		1,335
Net	**8,894**	-	**8,893**	**405**	**8,489**

Details of current accounts receivables from participating interests and depreciation of current accounts receivables from participating interests :

	Jan 1, 2024	Increases	Decreases	Dec. 31, 2024
(In thousands of euros)				
current accounts receivables from participating interests Sensorion, Inc. – interests to be received	285	76	43	318
current accounts receivables from participating interests Sensorion Australia, Pty. interests to be received	211	839	884	166

current accounts receivables from participating interests Sensorion, Inc. - interests to be received	28	13		41
current accounts receivables from participating interests Sensorion Australia, PTY - interests to be received	37	19	53	3
current accounts receivables from participating interests Sensorion UK - interests to be received	-	3	-	3
Gross	**562**	**950**	**980**	**532**
Depreciation - current accounts receivables from participating interests Sensorion, Inc.	313	353	313	353
Depreciation- current accounts receivables from participating interests Sensorion Australia, PTY	-	52	-	52
Depreciation	**313**	**405**	**313**	**405**
NET	**249**	**545**	**667**	**126**

As of December 31, 2024, the Company had research tax credits of €4,422 thousand generated during the year. Under current legislation, this tax receivable is recoverable immediately.

Prepaid expenses consist of costs relating to preclinical and manufacturing activities.

Invoices received and issued in foreign currencies are initially converted and accounted for in euros at the exchange rate prevailing on the recognition date, and foreign currency receivables and payables are converted in the balance sheet at the exchange rate prevailing on December 31. The resulting unrealized foreign exchange loss or gain is recorded under accruals on the assets or liabilities side of the balance sheet.

The same accounting treatment is applied to unrealized losses and gains on foreign currency receivables and payables recorded in the balance sheet.

In the case of unrealized foreign exchange losses, a provision is recorded for the same amount under "Provisions for contingencies and charges".

The other receivables include €196 thousand for invoice to be issued, as part of the Collaboration agreement with Cochlear entered into on 16 December 2017.

NOTE 5 - Equity

5.1 – Share capital

As of December 31, 2024, the share capital totaled €30,050,122.60, divided into 300,501,226 shares with a par value of €0.10 each. Taking into account the 16,000 options exercised which were not the subject of a capital increase decision by the Board of Directors at the end of 2024, the share capital amounts to 30,066,122.60 euros and is made up of 300,661,226 shares with a par value of 0.10 euro each.

The number of shares does not include share warrants (BSAs), founders' warrants (BSPCEs) and stock options (SOs) granted to certain individuals who may or may not be Company employees.

	Jan. 1, 2024	Shares issued during the year	Shares canceled during the year	Dec. 31, 2024	Share capital in euros
Shares	187,080,794	113,420,432	-	300,501,226	30,050,122.60
Total	187,080,794	113,420,432	-	300,501,226	30,050,122.60

All issued shares are in the same class.

5.2 – Share warrants (BSAs)

Details of outstanding share warrants as of December 31, 2024 are presented below:

Type	Date	Number of warrants issued	Number of warrants lapsed	Number of warrants exercised	Number of warrants outstanding	Number of potential shares
BSA 2011	April 30, 2014	1,000	1,000		-	-
BSA 2016	May 19, 2017	15,000	15,000		-	-
BSA 2018	July 31, 2019	30,000			30,000	30,000
BSA 2020	Feb. 2, 2021	2,000			2,000	2,000
BSA 2021	Jan. 3, 2022	70,000			70,000	70,000
BSA 2022	May 31, 2022	336,085	10,000		326,085	326,085
BSA 2022	Mar. 15, 2023	660,000		220,000	440,000	440,000
BSA 2023	May 24, 2023	1,170,595	100,000	170,000	900,595	900,595
BSA 2024	Jan. 24, 2024	250,000			250,000	250,000
BSA 2024-1	June 20, 2024	270,268			270,268	270,268
Total		**2,804,948**	**126,000**	**390,000**	**2,288,948**	**2,288,948**

April 30, 2014 BSAs

Each warrant was exercisable for 10 ordinary shares at a price of €2.40 per share.

The warrants were issued at a price of €2.40 per warrant.

They were exercisable until the end of the 10th year from the date of grant, without any presence or performance conditions.

May 19, 2017 BSAs

Each warrant was exercisable for one ordinary share at a price of €4.31 per share.

They were exercisable until May 18, 2024 on the following basis:

- 16.67% from May 19, 2018
- 16.67% from May 19, 2019
- 16.67% from May 19, 2020
- 25% in the event of an external growth transaction before May 31, 2020
- 25% if the Company's market capitalisation exceeded €175 million

July 31, 2019 BSAs

Each warrant is exercisable for one ordinary share at a price of €1.20 per share.

They are exercisable until April 28, 2026 on the following basis:

- 35% in the event of an agreement signed with Institut Pasteur

- 22.5% if the Company obtained financing of €12.5 million before July 31, 2019 - Part 1
- 22.5% if the Company obtained financing of €12.5 million before December 31, 2019 - Part 2
- 10% if a partnership on SENS-401 was approved before December 31, 2020
- 10% if a partnership on SENS-111 was approved before December 31, 2020

February 2, 2021 BSAs

Each warrant is exercisable for one ordinary share at a price of €1.73 per share.
They are exercisable until February 1, 2028 on the following basis:
- 33.33% from February 1, 2022
- 33.33% from February 1, 2023
- 33.33% from February 1, 2024

January 3, 2022 BSAs

Each warrant is exercisable for one ordinary share at a price of €1.8404 per share.
They are exercisable until January 2, 2029. on the following basis:
- 33.33% from February 3, 2023
- 33.33% from February 1, 2024
- 33.33% from February 1, 2025

May 31, 2022 BSAs

Each warrant is exercisable for one ordinary share at a price of €0.46 per share.
They are exercisable until May 30, 2029 on the following basis:
- 33.33% from May 31, 2023
- 33.33% from May 31, 2024
- 33.33% from May 31, 2025

March 15, 2023 BSAs

Each warrant is exercisable for one ordinary share at a price of €0.36 per share.
They are exercisable until March 15, 2030 on the following basis:
- 33.33% from March 15, 2024
- 33.33% from March 15, 2025
- 33.33% from March 15, 2026

May 24, 2023 BSAs

Each warrant is exercisable for one ordinary share at a price of €0.28 per share.
The warrants are exercisable until May 24, 2030 on the following basis:
- 33.33% from May 24, 2024
- 33.33% from May 24, 2025
- 33.33% from May 24, 2026

January 24, 2024 BSAs

Each warrant is exercisable for one ordinary share at a price of €0.47 per share.
They are exercisable until January 24, 2031 on the following basis:
- 33.33% from January 24, 2025
- 33.33% from January 24, 2026
- 33.33% from January 24, 2027

June 20, 2024 BSAs

Each warrant is exercisable for one ordinary share at a price of €0.74 per share.
The warrants are exercisable until June 20, 2031 on the following basis:
- 33.33% from June 20, 2025
- 33.33% from June 20, 2026

- 33.33% from June 20, 2027

5.3 - BSPCE founders' warrants

Details of outstanding BSPCE founders' warrants as of December 31, 2024 are as follows:

Type	Date	Number of warrants issued	Number of warrants lapsed	Number of warrants exercised	Number of warrants outstanding	Number of potential shares
BSPCE2014-2	June 17, 2014	2,100	2,100		-	-
BSPCE 2014-M	Nov. 20, 2014	15,600	15,600		-	-
BSPCE 2016	May 19, 2017	213,000	213,000		-	-
BSPCE 2017	May 30, 2017	260,000	260,000		-	-
BSPCE 2017	May 30, 2018	70,500	61,500		9,000	9,000
BSPCE 2018	April 29, 2019	455,500	94,500		361,000	361,000
BSPCE 2019	Sept. 6, 2019	347,735	52,625		295,110	295,110
Total		**1,364,435**	**699,325**	**-**	**665,110**	**665,110**

General exercise conditions:

BSPCEs may be exercised within 10 years of the date of issue.

BSPCEs issued between October 12, 2010 and November 20, 2014 are exercisable for 10 ordinary shares at a price of €2.40 per share.

The BSPCE 2016 warrants issued on May 19, 2017 are exercisable for one ordinary share at a price of €4.31 per share.

The BSPCE 2017 warrants issued on May 30, 2017 are exercisable for one ordinary share at a price of €4.31 per share.

The BSPCE 2017 warrants issued on May 30, 2018 are exercisable for one ordinary share at a price of €2.50 per share.

The BSPCE 2018 warrants issued on April 29, 2019 are exercisable for one ordinary share at a price of €1.20 per share.

The BSPCE 2019 warrants issued on September 6, 2019 are exercisable for one ordinary share at a price of €1.28 per share.

During 2024, the Group noted that the BSPCE 2024-2, BSPCE 2014-M, BSPCE 2016 and BSPCE 2017 warrants issued respectively on June 17, 2014, November 20, 2014, May 19, 2017 and May 30, 2017 had lapsed.

5.4 - Stock options (SO)

Details of outstanding stock options as of December 31, 2024 are as follows:

Type	Date	Number of options granted	Number of options lapsed	Number of options exercised	Number of options outstanding
SO2020	May 20, 2020	100,000			100,000
SO2020	July 30, 2020	165,000	20,000		145,000
SO2020	August 22, 2020	100,000			100,000
SO2020	Feb. 2, 2021	47,370	12,340		35,030
SO2021	Aug. 11, 2021	1,814,855	220,000		1,594,855
SO2021	Feb. 3, 2022	85,120	17,800		67,320
SO2023	Mar. 15, 2023	2,100,800	50,570	21,001	2,029,229
SO2023	Dec. 20, 2023	255,000			255,000
SO 2023-2 (2)	Apr. 10, 2024	2,745,000	27,500		2,717,500
SO 2023-2 (3)	Apr. 10, 2024	1,000,000			1,000,000
SO 2024-1	July 1, 2024	515,000			515,000
Total		**8,928,145**	**348,210**	**21,001**	**8,558,934**

On May 20, 2020, the Board of Directors granted 100,000 stock options to a single beneficiary. These options are exercisable for one ordinary share at a price of €0.76 per share.

They are exercisable until May 19, 2027 without any vesting conditions.

On July 30, 2020, the Board of Directors granted 165,000 stock options to six beneficiaries. These options are exercisable for one ordinary share at a price of €0.90 per share.

They are exercisable until July 29, 2027 on the following basis:
- 33.33% if the SENS-401 phase II study was completed by June 30, 2021
- 11.11% from July 30, 2021
- 11.11% from July 30, 2022
- 16.7% if the OTOF project clinical study request was submitted before December 31, 2022
- 11.11% from July 30, 2023
- 16.7% if the USHER project clinical study request was submitted before December 31, 2024

On August 22, 2020, the Board of Directors granted 100,000 stock options to a single beneficiary. These options are exercisable for one ordinary share at a price of €1.20 per share.

They are exercisable until August 21, 2027 on the following basis:
- 33.33% from August 22, 2021
- 33.33% from August 22, 2022
- 33.33% from August 22, 2023

On February 2, 2021, the Board of Directors granted 47,370 stock options. These options are exercisable for one ordinary share at a price of €1.73 per share.

They are exercisable until February 1, 2028 on the following basis:
- 33.33% from February 1, 2022
- 33.33% from February 1, 2023
- 33.33% from February 1, 2024

On August 11, 2021, the Board of Directors granted 1,814,855 stock options. These options are exercisable for one ordinary share at a price of €1.81 per share.

They are exercisable until August 10, 2028 on the following basis:

- 33.33% from August 11, 2022
- 33.33% from August 11, 2023
- 33.33% from August 11, 2024

On February 3, 2022, the Board of Directors granted 85,120 stock options. These options are exercisable for one ordinary share at a price of €1.1012 per share.
They are exercisable until February 3, 2029 on the following basis:
- 33.33% from February 3, 2023
- 33.33% from February 3, 2024
- 33.33% from February 3, 2025

On March 15, 2023, the Board of Directors granted 2,100,800 stock options. These options are exercisable for one ordinary share at a price of €0.36 per share.

They are exercisable until March 15, 2030 on the following basis:
- 33.33% from March 15, 2024
- 33.33% from March 15, 2025
- 33.33% from March 15, 2026

On December 20, 2023, the Board of Directors granted 255,000 stock options. These options are exercisable for one ordinary share at a price of €0.46 per share.

They are exercisable until December 20, 2030 on the following basis:

- 33.33% from December 20, 2024
- 33.33% from December 20, 2025
- 33.33% from December 20, 2026

On April 10, 2024, the Board of Directors granted 2,745,000 stock options. These options are exercisable for one ordinary share at a price of €0.8086 per share.

They are exercisable until April 10, 2031 on the following basis:

- 33.33% from April 10, 2025
- 33.33% from April 10, 2026
- 33.33% from April 10, 2027

On April 10, 2024, the Board of Directors granted 1,000,000 stock options. These options are exercisable for one ordinary share at a price of €0.8086 per share.

They are exercisable until April 10, 2031 on the following basis:

- 33.33% from April 10, 2025
- 33.33% from April 10, 2026
- 33.33% from April 10, 2027

On July 1, 2024, the Board of Directors granted 515,000 stock options. These options are exercisable for one ordinary share at a price of €0.6854 per share.

They are exercisable until July 1, 2031 on the following basis:

- 33.33% from July 1, 2025
- 33.33% from July 1, 2026
- 33.33% from July 1, 2027

5.5 - Statement of changes in equity

	Share capital	Additional paid-in capital	Retained earnings/(deficit)	Net loss for the period	Total equity
(In thousands of euros)					
As of January 1, 2024	**18,708**	**73,190**	**(36,934)**	**(21,598)**	**33,366**
Appropriation of prior period net loss		(21,598)		21,598	
Issue of shares	11,342	50,559			**61,901**
Issue of pre-funded warrants	16	1,756			**1,772**
Net loss for the period				(25,143)	**(25,143)**
As of December 31, 2024	**30,066**	**103,907**	**(36,934)**	**(25,143)**	**71,896**

5.6 - Ownership structure and information on the exercise of share warrants (BSAs), founders' warrants (BSPCEs) and stock options (SO)

	Number of shares	% interest	Number of shares resulting from the exercise of BSAs, BSPCEs and Stock Options	Fully diluted number of shares	Full-diluted % interest
Fynveur / Artal International	80,980,547	26.93%		80,980,547	24.54%
Redmile Group LLC	66,052,590	21.97%	17,857,143	83,909,733	25.42%
Sofinnova Partners	54,337,460	18.07%		54,337,460	16.46%
WuXi AppTec	5,249,608	1.75%		5,249,608	1.59%
3SBio	4,055,150	1.35%		4,055,150	1.23%
Innobio	3,499,874	1.16%		3,499,874	1.06%
SONOVA AG	2,941,176	0.98%		2,941,176	0.89%
Cochlear	533,755	0.18%		533,755	0.16%
Managers, employees, directors	162,667	0.05%	10,513,062	10,675,729	3.23%
Treasury shares	173,701	0.06%		173,701	0.05%
Free float (including former executives and directors)	82,674,698	27.50%	1,000,000	83,674,698	25.35%
Total	**300,661,226**	**100.00%**	**29,370,205**	**330,031,431**	**100.00%**

The diluted loss per share amounts to at -€0.09 for 2024.

NOTE 6 — Provisions for contingencies and charges

	Jan. 1, 2024	Increases	Decreases	Dec. 31, 2024
(In thousands of euros)				
Provisions for foreign exchange losses	62	-	7	55
Provision for retirement benefits	279		59	221
Provisions for tax risks: payroll tax	-	1,714	-	1,714
As of December 31, 2024	**342**	**1,714**	**66**	**1,990**

The provision for retirement benefits of €221 thousand corresponds to allowances payable to employees on retirement.

It covers allowances payable to all employees on the Company's payroll as of December 31, 2024. Retirement benefits are governed by the collective bargaining agreement for the pharmaceutical industry.

Parameters	As of December 31, 2024	As of December 31, 2023
Retirement age (executives)	67 years	67 years
Retirement age (non-executives)	64 years	64 years
Payroll taxes	45%	45%
Salary growth rate	2%	4%
Discount rate	3.35%	3.17%
Mortality table	INSEE 2022	TGH-TGF 05

- Departure terms: voluntary departure
- Degressive staff turnover based on age

The discount rate corresponds to the rates of Eurozone AA rated corporate bonds with maturities of over ten years.
No employees retired in 2024.

The Company has elected to recognize actuarial gains and losses immediately and in full in the income statement.
The provision is considered as a long-term provision, as no benefits are payable in less than one year.

The Company has not recognised any material impact following any changes resulting from the law on pensions.

The Company has not recognised any costs relating to retirement indemnities for members of its administrative or management bodies, as none of them have an employment contract with the Company.

This risk provision of €1,714 thousand is a provision for an uncertain tax position related to salary tax obligations.

The Company has been notified by the French tax authorities of an investigation related to the application of legislation relating to the tax on salaries for fiscal years 2020, 2021, 2022 and 2023.

A tax reassessment proposal was subsequently received by the Company on May 6, 2024, for a total claim of €505 thousand relating to fiscal years 2021 and 2022 (including €66 thousand in penalties and late payment compensation), and on September 5, 2024 for a total claim of €558 thousand relating to fiscal years 2023 (including €58 thousand in penalties and late compensation).

A provision was recognized in the financial statements as of December 31, 2024 for an amount of €1,063 thousand for the 2020-2023 period, and €651 thousand for fiscal year 2024.

This recognition represents a change in estimate with a prospective effect, as the Company did not previously expect to be challenged by the tax authorities. This expectation was supported by prevailing tax practices at the time of the initial assessment, which is why no provision was recorded as of December 31, 2023.

The Company challenges the position of the tax authorities and intends to continue discussion with tax authorities with a view to reduce the impact of the tax reassessment on the Company.

The amount of the penalties, which totalled €124 thousand, had a direct impact on the company's exceptional result.

NOTE 7 - Borrowings

7.1 - Refundable advances

Bpifrance Financement granted the Company a refundable advance in connection with its contribution to the "PATRIOT" competitiveness clusters fundamental R&D project.

This subsidy, representing a maximum amount of €4,833,248, breaks down as follows:

- First payment upon signing the contract: €724,000 (payment received in August 2020),
- Key stages 1 and 2: €785,135 disbursed in August 2023,- Key stage 3: €2,167,864 from February 1, 2025,
- Key stage 4: €430,000 from February 1, 2028,
- Balance of the subsidy: €726,248 from February 1, 2029.

The advance will be refunded according to the following provisional schedule:

- As of July 31, 2031: €1,250,000,
- As of July 31, 2032: €1,250,000,
- As of July 31, 2033: €1,250,000,
- As of July 31, 2034: €1,250,000.

After payment of the refundable advance, the Company could make additional payments for a period of five years of up to €2,450,000 depending on the achievement of cumulative revenue of €40,000,000.

Income from Patriot grants is recognised in the income statement when received.

7.2 - Zero-interest innovation loan

On January 13, 2017, the Company received a zero-interest innovation loan (PTZI), which was granted jointly by Bpifrance Financement and the Occitanie region. The €950,000 loan is repayable in 20 quarterly instalments of €47,500. The first instalment was paid on December 31, 2019, and the second instalment in September 2020 following a six-month deferral of all payments to Bpifrance pursuant to the Covid-19 measures implemented by the French government. A third instalment was paid in December 2020.
In 2021, the Company paid four additional instalments totaling €190,000.
In 2022, the Company paid three additional instalments totaling €142,500.
In 2023, the Company paid four additional instalments totaling €190,000.
In 2024, the Company paid four additional instalments totaling €190,000.

As of December 31, 2024, the balance of the loan totaled €95,000.

7.3 - R&D Innovation Loan

The Company received an R&D innovation loan of €1,000,000 from Bpifrance Financement as part of a package of measures to boost its cash position at the time of the Covid-19 crisis. The annual interest rate on the loan is 2.25%. Interest expense on the loan is being recognized on a straight-line basis over 5 years.

The loan's provisional repayment schedule is as follows:
- December 31, 2021: €50,000, repaid in 2021
- December 31, 2022: €200,000, of which €50,000 repaid in January 2023
- December 31, 2023: €200,000, of which €50,000 repaid in January 2024
- December 31, 2024: €200,000
- December 31, 2025: €200,000
- December 31, 2026: €150,000

7.4 – Government-backed loans

The Company received two government-backed loans (GBL) in the wake of the Covid-19 crisis.

On October 1, 2020, the Company obtained a GBL from Société Générale for an amount of €1,500,000. This loan is repayable in 48 annual instalments starting on October 24, 2022. The annual interest rate on the loan is 0.58%.

On October 8, 2020, the Company obtained a GBL from CIC for an amount of €500,000.
This loan is repayable in 48 annual instalments starting on November 5, 2022. The annual interest rate is 0.70%.

NOTE 8 - Other liabilities

Other liabilities break down as follows:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
(In thousands of euros)				
Trade payables	6,863	-	-	6,863
Amounts due to suppliers of fixed assets	147	-	-	147
Wages and salaries payable	1,111	-	-	1,111
Payroll taxes payable	858	-	-	858
VAT payable	254	-	-	254
Other taxes and levies payable	65	-	-	65
Other payables	141	-	-	141
Total	**9,439**	-	-	**9,439**

Accrued expenses break down as follows:

	Less than 1 year	More than 1 year	Total
(In thousands of euros)			
Goods and services received but not yet invoiced	2 315	-	2 315
Accrued wages and salaries	865	-	865
Accrued vacation pay	244	-	244
Accrued payroll taxes on wages and salaries	446	-	446
Accrued payroll taxes on vacation pay	107	-	107
Accrued taxes other than on income	10	-	10
Total	**4,069**	-	**4,069**

The goods and services received but not yet invoiced correspond mainly to Research & Development expenses.

NOTE 9 - Deferred income - accrued income

The deferred income of €2,140 thousand relating to the SONOVA collaboration contract has been allocated between the portion due in less than one year and the portion due in more than one year in the footnote to the balance sheet (for 2023 and 2024 fiscal years). This represents a correction compared with the notes to the 2023 financial statements published in 2024, in which all deferred income was recognised after less than one year.

Deferred incomes break down as follows:

	Less than 1 year	More than 1 year	Total
(In thousands of euros)			
Collaboration contract with Sonova	906	1 ,234	2,140
TOTAL	**906**	**1,234**	**2,140**

Accrued income breaks down as follows:

	Less than 1 year	More than 1 year	Total
(In thousands of euros)			
Prepaid and recoverable payroll taxes	15	-	15
Grants receivable	-	-	-
Research tax credit receivable	4,422	-	4,422
Interest receivable	844	-	844
Total	**5,281**	-	**5,281**

The interest receivable includes interests on term deposits for €797 thousand and interests related to current accounts with subsidiaries for €47 thousand.

NOTE 10 - Research and development costs

As explained in the summary of significant accounting policies, R&D costs are not capitalized, but are recognized as operating expenses. Research costs expensed in 2024 amounted to €25,293 thousand.

The portion of these costs eligible for the research tax credit in respect of 2024, corresponding to actual costs incurred less grants received and conditional advances received and repaid, totaled €14,739 thousand.

The research tax credit recorded in the 2024 accounts amounted to €4,422 thousand.

NOTE 11 - Net financial income

	2024
(In thousands of euros)	
Financial income	**2,913**
Other interest income	2,912
Provision reversals	-
Foreign exchange gains	6
Financial expenses	**96**
Interest expense	15
Amortization and provision expense	79
Foreign exchange losses	1
Net financial income	**2,818**

Amortization and provision expense corresponds to the partial write-down of the current accounts of Group subsidiaries and a provision for unrealized foreign exchange losses.

Other interest income consists for the most part to interest on cash and term deposits.

NOTE 12 – Exceptional result and charge transfers

Exceptional items correspond mainly to :

- The liquidity contract, leading to the recognition of a profit of €55k and a loss of €18k.
- €124k in penalties relating to the proposed payroll tax adjustment for the period 2020-2023 (see Note 6).
- penalties of €40k relating to the early termination of a term deposit.

Expense transfers correspond mainly to :

- the re-invoicing of costs incurred by Sensorion to Cochlear under a collaboration agreement for €358k.
- Social Security daily allowances of €23k.

NOTE 13 - Number of employees

	2024	Average
Executives	50	46.2
Non-executives	13	12.8
Total	**63**	**59.0**

NOTE 14 - Unrecognized deferred tax assets and liabilities (base)

Based on current tax laws, the Company has tax losses in France that can be carried forward indefinitely for a total of €167,509k as of December 31, 2024.

The Company's effective tax rate, corresponding to the statutory tax rate in France, is 25%.

NOTE 15 - Research tax credit

The Company qualifies for the research tax credit under the provisions of Articles 244 *quater* B and 49 *septies* F of the French Tax Code

Changes in the research tax credit over the last two years were as follows:

- 2021: €3,045k, reimbursed on February 15, 2023
- 2022: €3,654k, reimbursed on October 31, 2023
- 2023: €4,263k, reimbursed on October 17, 2024
- 2024: €4,422k.

NOTE 16 - Compensation paid to corporate officers

The compensation paid to the Company's corporate officers in respect of 2024 amounted to €1,321 thousand.

NOTE 16 - Fees paid to the statutory auditors

The Auditors' fees expensed in 2023 and 2024 are presented below

(In thousands of euros)	2024	2023
Account certification (EY)	32	29
Services other than account certification (SACC) (EY)	952	61
Total fees	**984**	**90**

NOTE 17 – Off-balance sheet commitments

Commitments given:

The Company enters into contracts for its business needs with Clinical Research Organizations (CROs) for clinical trials and toxicity studies in particular, as well as with Contract Manufacturing Organizations (CMOs) for clinical supply manufacturing.

The Company's agreements are generally cancellable contracts and provide for termination with specified periods of advance notice and cancellation fees.

The Company has not identified any other material off balance sheet commitments as of December 31, 2024.

Commitments received:

The Company has not received any commitment and / or guarantees.

NOTE 19 - Related parties

All transactions with related parties, other than compensation paid to corporate officers (Note 16) and loans to subsidiaries (see table in the notes), are considered as having been entered into on arm's length terms. The main transactions concerned consist of amounts re-billed between Group companies.

NOTE 20 - Financial risks

The principal financial instruments held by the Company are financial assets, cash and cash equivalents. The purpose of holding these instruments is to finance the ongoing business activities of the Company. It is not the Company's policy to invest in financial instruments for trading purposes. The Company does not use any derivative financial instruments.

The principal risks to which the Company is exposed are interest rate risk and credit risk.

Liquidity risk

The Company may need to increase its equity or raise additional financing to support its development.

Since its creation, growth has been financed by equity, through successive capital increases, and by reimbursed research tax credits, without taking on any bank debt. As a result, the Company is not exposed to any liquidity risk that could arise from the triggering of acceleration clauses..

Significant amounts have been invested in research and development since the Company's launch, and net cash from operations has systematically been negative to date.

Going forward, the Company will continue to have significant financing needs for the development of its technology, the pursuit of its clinical development program and, in the future, for the production and marketing of its products. The Company may become unable to self-finance its growth, leading it to seek other sources of financing, in particular through further capital increases.

The level and timing of the Company's financing needs depend on factors largely beyond its control, such as:

- higher-than-expected costs and slower-than-expected progress on R&D programs and clinical trials;
- higher-than-expected costs billed by the Company's service providers on a pass-through basis for products, raw materials and consumables;
- the costs of preparing, filing, defending and maintaining its patents and other intellectual property rights;
- the scale of preliminary research work and the time taken to sign licensing agreements with industrial partners;
- higher-than-expected costs, more complicated processes and/or longer-than-expected lead times for obtaining regulatory authorizations to market its products and secure their inclusion on the list of products reimbursable by the social security system;
- new opportunities to develop new products or acquire technologies, products or companies.

The Company may not be able to raise additional capital when it is needed, or raise the capital it needs on acceptable financial terms. If the necessary funds were not available, the Company might have to:

- postpone or reduce the number or scope of its preclinical and clinical trials or cancel them;
- grant licenses for its technologies to partners or third parties on less favorable terms than could have been obtained in a different context; or

- enter into new collaboration agreements on less favorable terms than would have been obtained in a different context.

The occurrence of one or more of these risks could have a material adverse effect on the Company, its business, financial position, results, development and outlook.

As of December 31, 2024, the Company had cash of €76.1 million and its exposure to liquidity risk is therefore considered to be limited.

Interest rate risk

The Company's exposure to interest rate risk primarily concerns its portfolio of marketable securities.

These consist of term deposits. Changes in interest rates have a direct impact on the rate of return on these investments and the cash flows generated.

The Company has no variable rate debt and its debt repayments are not exposed to interest rate risk.

To date, the Company has not taken out any loans with banks other than loans indicated in parts 7.2, 7.3 and 7.4 and is therefore only marginally exposed to interest rate risk.

Credit risk

The Company’s exposure to credit risk on its cash and short-term financial instruments is not material given the high credit quality of the financial institutions that are its counterparties.

The table below presents condensed financial information for the Company’s three subsidiaries:

	Share capital	Reserves & retained earnings (deficit) before appropriation of profit (loss)	Percent interest	Gross value of shares	Net value of shares	Outstanding loans and advances by the Company	Guarantees given by the Company	Latest published net sales	Latest published operating income	Latest published profit or loss	Dividends received by the Company during the year
(In thousands of euros)											
Sensorion Pharmaceuticals, Inc.	US$ 100	€(332)k	100%	€87	€87	€359k	-	-	€586k	€(21)k	
Sensorion Australia Pty, Ltd	AU$ 1	€122k	100%	€1	€1	€170k	-	-	€685k	€125k	
Sensorion UK, Ltd	£100	-	100%	€117	€117	-	-	-	0	€20k	
As of December 31, 2024											

Results and sales converted at the average annual exchange rate for 2024 (Banque de France) - Reserves, retained earnings, loans and advances converted at the month-end rate for 2024

5. SPECIAL REPORT OF THE AUDITOR ON REGULATED AGREEMENTS

ERNST & YOUNG Audit
14, rue du Vieux Faubourg
59042 Lille cedex

Tél. : +33 (0) 3 28 04 35 00
www.ey.com/fr

Sensorion

Annual General Meeting held to approve the financial statements for the year ended December 31, 2024

Statutory auditor's report on related party agreements

To the Annual General Meeting of Sensorion,

In our capacity as statutory auditor of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended 2024, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

In accordance with Article L. 225-40 of the French Commercial Code *(Code de commerce)*, we have been notified of the following related party agreements which received prior authorization from your Board of Directors.

- **With Invus Public Equities LP, Sofinnova Partners and Redmile Group LLC, shareholders owning more than 10% of your Company's voting rights**

Nature and purpose

A securities purchase agreement was authorized by the Board of Directors on February 8, 2024 and entered into on February 13, 2024 between your Company and the above-mentioned shareholders.

S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Société de Commissaires aux Comptes
Société d'expertise comptable inscrite au Tableau
de l'Ordre de la Région de Lille Nord Pas de Calais

Siège social : 1-2, place des Saisons - 92400 Courbevoie - Paris-La Défense 1

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: it is in your Company's interest that Invus Public Equities LP, Sofinnova Partners, and Redmile Group LLC subscribe to this securities purchase agreement in order to attract future shareholders.

- **With Artal International, Sofinnova Partners and Redmile Group LLC, shareholders owning more than 10% of your company's voting rights**

Nature and purpose

A securities purchase agreement was authorized by the Board of Directors on April 5, 2024 and entered into on April 11, 2024 between your Company and the above-mentioned shareholders.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: it is in your Company's interest that Artal International, Sofinnova Partners and Redmile Group LLC subscribe to this securities purchase agreement in order to attract future shareholders.

Agreements previously approved by the Annual General Meeting

In accordance with Article R. 225-30 of the French Commercial Code *(Code de commerce)*, we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended 2024.

- **With Mrs. Nawal Ouzren, Chief Executive Officer and member of your Board of Directors**

Nature, purpose and conditions

Your Board of Directors authorized at its meeting held on April 12, 2017 the conclusion of the Chief Executive Officer mandate agreement with Mrs. Nawal Ouzren. This agreement was renewed on May 31, 2022.

Lille, March 13, 2025

The Statutory Auditor
ERNST & YOUNG Audit
French original signed by

Sandrine Ledez