UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2018

Commission File Number: 001-36582

Auris Medical Holding AG
(Exact name of registrant as specified in its charter)

Bahnhofstrasse 21
6300 Zug, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F X Form 40-F ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ____ No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ____ No X

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Auris Medical Holding AG

By: /s/ Hernan Levett
Name: Hernan Levett
Title: Chief Financial Officer

Date: February 9, 2018

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release dated February 9, 2018
99.2	Letter to Shareholders dated February 9, 2018
99.3	Merger Agreement between Auris Medical Holding AG and Auris Medical NewCo Holding AG dated February 9, 2018
99.4	Merger Report dated February 9, 2018
99.5	Merger Auditor Report dated February 9, 2018
99.6	Interim Audited Statutory Financial Statements of Auris Medical Holding AG as of September 30, 2017 including auditor report
99.7	Opening Statutory Balance sheet of Auris Medical NewCo Holding AG dated January 30, 2018
99.8	Audited Consolidated Financial Statements of Auris Medical Holding AG for the years 2016, 2015 and 2014 including auditor reports and Audited Statutory Stand-Alone Financial Statements of Auris Medical Holding AG for the years 2016, 2015, 2014 including auditor reports
99.9	2017 Compensation Report
99.10	Proxy Card for the Extraordinary General Meeting of Shareholders on March 12, 2018

Exhibit 99.1

Auris Medical
Cochlear therapies

Auris Medical Announces Extraordinary General Meeting of Shareholders

- *Proposed capital restructuring to ensure compliance with Nasdaq minimum bid price rule contingent on Company's share price development*

- *Alain Munoz proposed as new member of the Board of the Directors*

Zug, Switzerland, February 9, 2018 – Auris Medical Holding AG (NASDAQ: EARS), a clinical-stage company dedicated to developing therapeutics that address important unmet medical needs in otolaryngology, today announced an Extraordinary General Meeting ("EGM") of shareholders to take place in Zug, Switzerland, on March 12, 2018, at 8:30am CET.

Conditional capital restructuring

The Board of Directors proposes a restructuring of its share capital that would effectuate a reverse stock split in the event that the Company's shares do not trade at a level which would ensure compliance with the Nasdaq's minimum bid price rule in the 10 trading days prior to the EGM or up to 5 trading days after the EGM. The proposal provides that the restructuring would not take place if the closing price of the Company's shares has been at or above $2 during that period. If the closing price during that period has been between $1 and $2, then the Board of Directors may at its sole discretion decide on whether or not the restructuring shall take place.The 10-to-1 reverse split would be carried out through the statutory merger of Auris Medical Holding AG into a wholly-owned Swiss subsidiary which would assume the name of the former and the listing on Nasdaq Capital Market. The Company's shares would continue trading under the ticker symbol "EARS".

Elections to the Board of Directors

Shareholders will be asked at the EGM to vote on several other corporate matters, including the election of the members of the Board of Directors for the term up to the ordinary General Meeting 2019. It is proposed to re-elect Thomas Meyer (Chairman), Armando Anido, Calvin Roberts and Mats Blom and to elect Alain Munoz as a new member. Oliver Kubli and Berndt Modig will not be standing for re-election.

"We would like to thank Oliver and Berndt for their great contributions to our company," commented Thomas Meyer, Auris Medical's founder, Chairman and CEO. "At the same time, we are delighted to propose the election of Alain Munoz to our Board of Directors. Alain has built a great track record in key roles with several European biotech and pharmaceutical companies and knows our company well from having served on its Board already between 2007 and 2015."

A copy of the invitation to the EGM, including detailed information on the conditional capital restructuring, is available on the Company's website www.aurismedical.com in the Investors section.

The Board of Directors may choose to cancel the EGM in the event that compliance with the Nasdaq minimum bid price rule is achieved prior to the EGM or shortly thereafter, in which case the Board of Directors would call an ordinary General Meeting instead to vote on the general agenda items.

About Auris Medical

Auris Medical is a Swiss biopharmaceutical company dedicated to developing therapeutics that address important unmet medical needs in neurotology. The company is focused on the Phase 3 development of treatments for acute inner ear hearing loss (AM-111) and for acute inner ear tinnitus (Keyzilen®; AM-101) by way of intratympanic administration with biocompatible gel formulations. In addition, Auris Medical is developing intranasal betahistine for the treatment of vertigo (AM-125) as well as early-stage research and development projects.

The Company was founded in 2003 and is headquartered in Zug, Switzerland. The shares of Auris Medical Holding AG trade on the NASDAQ Capital Market under the symbol "EARS."

Forward-looking Statements

This press release may contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements other than historical fact and may include statements that address future operating, financial or business performance or Auris Medical's strategies or expectations. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "potential," "outlook" or "continue," and other comparable terminology. Forward-looking statements are based on management's current expectations and beliefs and involve significant risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these statements. These risks and uncertainties include, but are not limited to, the likelihood that the shareholders approve the Merger at the Extraordinary General Meeting, Auris Medical's ability to comply with Nasdaq listing requirements, Auris Medical's need for and ability to raise substantial additional funding to continue the development of its product candidates, the timing and conduct of clinical trials of Auris Medical's product candidates, including the likelihood that the TACTT3 clinical trial with Keyzilen® will not meet its endpoints , the clinical utility of Auris Medical's product candidates, the timing or likelihood of regulatory filings and approvals, Auris Medical's intellectual property position and Auris Medical's financial position, including the impact of any future acquisitions, dispositions, partnerships, license transactions or changes to Auris Medical's capital structure, including future securities offerings. These risks and uncertainties also include, but are not limited to, those described under the caption "Risk Factors" in Auris Medical's Annual Report on Form 20-F and future filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and Auris Medical does not undertake any obligation to update them in light of new information, future developments or otherwise, except as may be required under applicable law. All forward-looking statements are qualified in their entirety by this cautionary statement.

Company contact: Hernan Levett, Chief Financial Officer, +41 61 201 1350, hle@aurismedical.com

Investor contact: Daniel Ferry, LifeSci Advisors, LLC, 1-617-535-7746, investors@aurismedical.com

Exhibit 99.2

Auris Medical
Cochlear therapies

Auris Medical Holding AG

Invitation to the Extraordinary General Meeting of Shareholders

on 12 March 2018 in Zug

(English agenda starting from page 2 et seq.)

Auris Medical Holding AG

Einladung zur Ausserordentlichen Generalversammlung

am 12. März 2018 in Zug

(Deutscher Einladungstext auf Seite 7 ff.)

Invitation to the Extraordinary General Meeting of Shareholders of

Auris Medical Holding AG

Date: 12 March 2018, 8.30am CET (doors open at 8:00am CET)

Place: Theater Casino Zug, Artherstrasse 2-4, 6300 Zug, Switzerland

Agenda

1 **Conditional Agenda item: Approval of the merger between Auris Medical Holding AG (as transferring entity) and Auris Medical NewCo Holding AG (as surviving entity) according to the terms and conditions set forth by the merger agreement dated 9 February 2018 and based on the interim balance sheet of Auris Medical Holding AG as of 30 September 2017**

Preliminary Remarks: On 1 March 2017, the Company announced that it had received written notification from The Nasdaq Stock Market LLC (**Nasdaq**) notifying the Company that it was not in compliance with the minimum bid price requirement set forth in Nasdaq Rules for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of USD 1.00 per share. If the Company fails to regain compliance within a certain (extendable) period of time, it may become subject to delisting. Through 8 February 2018, the Company has not regained compliance with such minimum bid price requirement. On 7 February 2018, two trading days before the date of this invitation, the closing sale price of the Company's shares was below USD 1.00 per share. To regain compliance, the Company's shares must have a closing bid price of at least USD 1.00 for a minimum of 10 consecutive trading days. The Company has until 26 March 2018 to regain compliance. In the first quarter of 2018, the Company expects to receive top-line Phase 3 results on Keyzilen® (TACTT3) for acute inner ear tinnitus. Depending on the outcome of such results, the closing bid prices of the Company's trading shares may reach the necessary USD 1.00 level and compliance may be regained. However, the outcome of the TACTT3 study 3 results and the effect on the share price, respectively, cannot be predicted at this stage. Therefore, the Board of Directors seeks approval to effect a statutory reverse merger of the Company into Auris Medical NewCo Holding AG (to be renamed later Auris Medical Holding AG) (**Auris NewCo**), a newly incorporated, Swiss subsidiary currently wholly owned by the Company, as the continuing company (the **Merger**), whereby, upon effectiveness of such Merger, the Company will be merged into and with Auris NewCo, which will be the surviving company and will have a share capital of CHF 122,347.76, divided into 6,117,388 registered shares with a nominal value of CHF 0.02 each (subject to changes/adjustments, as described below under "Information available for inspection"). For each 10 shares in today's Auris Medical Holding AG with a nominal value of CHF 0.40 each, 1 new share with a nominal value of CHF 0.02 in Auris NewCo will be issued and allocated, effectively resulting in a "reverse share split" at a ratio of 10-for-1 through such Merger. Thomas Meyer, CEO and founder of the Company, has committed – for no consideration – to provide the other shareholders from his own holdings with the number of shares required in connection with such reverse stock split to enable the allocation of a full number of shares to avoid allocation of fractions. The record date for the relevant shareholding is expected to be the last trading day before the date of the registration of the Merger with the Commercial Register (which is expected to occur on or around 12 March 2018).

Conditional Agenda Item: Agenda Item 1 is a conditional Agenda Item. A vote on Agenda Item 1 will be conducted if the Company has not regained compliance with Nasdaq's minimum bid price requirement prior to the General Meeting. If the closing price of the Company's shares has been at least equal to USD 2.00 for a minimum of 10 consecutive trading days ending immediately prior to the General Meeting, then the Board of Directors shall withdraw Agenda Item 1 and there shall be no vote. In all other cases, the Board of Directors will decide as to whether the General Meeting shall vote on Agenda Item 1. In case of a withdrawal of Agenda Item 1 by the Board of Directors, the General Meeting will be cancelled and all submitted proxies will be annulled. Any decision to cancel the General Meeting by the Board of Directors will be publicly announced immediately prior to the scheduled date of the General Meeting.

Motion of the Board of Directors:

> The Board of Directors proposes that the shareholders approve the merger between the Company (as transferring entity) and Auris Medical NewCo Holding AG (as surviving entity) according to the terms and conditions set forth by the merger agreement dated 9 February 2018 and based on the interim balance sheet of the Company as of 30 September 2017.

Information available for inspection: Since 9 February 2018, the following documents (the **Merger Documentation**) have been available for inspection at the Company's as well as at Auris NewCo's principal offices at Bahnhofstrasse 21, 6300 Zug, Switzerland, and are available for download in the "Investors" section of our website (www.aurismedical.com): (i) the merger agreement dated 9 February 2018, (ii) the Swiss merger report within the meaning of art. 14 of the Swiss Federal Act on Merger, Demerger, Conversion and Transfer of Assets, and Liabilities (the **Swiss Merger Act**) dated 9 February 2018, (iii) the audit expert report pursuant to art. 15 of the Swiss Merger Act dated 9 February 2018 prepared by Treureva AG, (iv) the interim audited statutory financial statements of the Company as of 30 September 2017, (v) the opening statutory balance sheet of Auris Medical NewCo Holding AG dated 30 January

2018, (vi) the annual accounts and management reports for the last three business years of the Company. All of these documents will have been available for inspection for a period of at least 30 days until 12 March 2018. Note that the figures/numbers mentioned herein relating to the share capital, the number of shares issued and the nominal value of the shares in Auris NewCo remain subject to changes/adjustments to reflect possible increases in the Company's share capital as a result of any exercised options/warrants issued by the Company.

Information regarding conditional consummation of the Merger: Under the merger agreement dated 9 February 2018, the consummation of the Merger is subject to the following specific condition which applies if Agenda Item 1 has been approved by the General Meeting: If the Company has not regained compliance with Nasdaq's minimum bid price requirement immediately prior to a time yet to be determined by the Board of Directors (which shall be within five business days after the conclusion of the General Meeting), then, following the approval of the Merger by Auris NewCo's General Meeting, the Merger shall be consummated and filed with the competent Commercial Register. If the closing price of the Company's shares has been at or above USD 2.00 for a minimum of 10 consecutive trading days ending immediately prior to the time yet to be determined by the Board of Directors (which shall be within five business days after the conclusion of the General Meeting), then the Board of Directors shall not consummate the Merger and, accordingly, Auris NewCo's General Meeting will not vote on the Merger. In all other cases, the Board of Directors shall resolve within five business days after the conclusion of the General Meeting as to whether it will consummate the Merger. In case the Merger shall be pursued, Auris NewCo's General Meeting shall vote on the Merger, and the Merger shall be filed with the Commercial Register. The Board of Directors shall issue a press release in connection with its respective resolution in due course following the General Meeting.

Technical Implementation of the Merger: The Company anticipates that the shares of the continuing company (Auris Medical NewCo Holding AG, to be renamed "Auris Medical Holding AG" in the course of the Merger) will be listed on the Nasdaq Capital Market following the effectiveness of the Merger under the trading symbol "EARS." The Company's transfer agent, American Stock Transfer & Trust Company, LLC (AST), is the exchange agent for the Merger. Shareholders owning shares via a broker or other nominee will have their positions automatically adjusted to reflect the Merger and the reverse share split resulting from such Merger. Following the consummation of the Merger, the shares will begin trading on the Nasdaq Capital Market on a split-adjusted basis on or around 13 March 2018. The new CUSIP number for the common stock following the Merger will be made publicly available in advance of the first trading day.

2* Discharge of liability for the members of the Board of Directors and the persons entrusted with the Company's management

The Board of Directors proposes that the discharge of liability for the members of the Board of Directors and the persons entrusted with the Company's management for the 2017 financial year as well as for the 2018 financial year (until the date of the General Meeting) be approved.

3* Compensation of the Board of Directors and the Executive Management

3.1* Approval of the Compensation of the Board of Directors

The Board of Directors proposes that the maximum aggregate amount of compensation of CHF 400,000 (gross) for the members of the Board of Directors for the period from this General Meeting to the 2019 Annual General Meeting be approved.

3.2* Approval of the Compensation of the members of the Executive Management Committee for the 2019 financial year

The Board of Directors proposes that the maximum aggregate amount of fixed compensation of CHF 3,000,000 (gross) for the members of the Executive Management Committee for the 2019 financial year be approved.

4* Elections to the Board of Directors and Re-election of the Chairman

The Board of Directors proposes the:

4.1* -Re-election of Thomas Meyer as member and as Chairman of the Board of Directors

4.2* -Re-election of Armando Anido as member of the Board of Directors

4.3* -Re-election of Mats Blom as member of the Board of Directors

4.4* -Re-election of Calvin W. Roberts as member of the Board of Directors

4.5* -Election of Alain Munoz as member of the Board of Directors

in each case for a term of one year ending upon completion of the 2019 Annual General Meeting.

5* Elections to the Compensation Committee

The Board of Directors proposes the:

5.1* -Re-election of Armando Anido as member of the Compensation Committee

5.2* -Election of Alain Munoz as member of the Compensation Committee

for a term of one year ending upon completion of the 2019 Annual General Meeting.

6* Re-Election of the Auditors

The Board of Directors proposes the re-election of Deloitte AG as auditors for the 2018 financial year.

7* Re-Election of the Independent Proxy

The Board of Directors proposes the re-election of Sandro G. Tobler, attorney-at-law, Zug, as independent proxy for a term of one year ending upon completion of the 2019 Annual General Meeting.

*** General Comment: The extraordinary general meeting will not take place and, accordingly, no vote on Agenda Items 2–7 will be conducted, in case of a withdrawal of Agenda Item 1 (see above). Any decision by the Board of Directors to cancel the meeting will be publicly announced immediately prior to the scheduled date of the General Meeting. The Board of Directors would thereafter invite for an Ordinary General Meeting. In case of a vote on (and approval of) Agenda Item 1 (Merger), the voting on Agenda Items 2–7 shall be conducted, and the results on Agenda Items 3–7 shall be implemented, subject to the consummation of the Merger, correspondingly at the level of Auris NewCo; the respective resolutions would be adopted by the separate General Meeting of Auris NewCo immediately prior to the registration of the Merger in accordance with the votes received from the General Meeting.**

Zug, 9 February 2018
For the Board of Directors
// Thomas Meyer, Chairman and CEO

Organizational Matters

A. Documentation

The Merger Documentation, the Compensation Report for the 2017 financial year as well as the corresponding Auditor's report are available for download in the "Investors" section of our website (www.aurismedical.com).

B. Invitation and Attendance

Shareholders registered in the share ledger maintained by our transfer agent, American Stock Transfer & Trust Company, LLC, at 4pm EDT on 5 March 2018 are entitled to participate in and vote at the General Meeting. On 12 February 2018, the invitation and proxy form will be mailed to all holders of record as at 9 February 2018. Shareholders registered after 9 February 2018 will receive their invitation after 12 February 2018.

If you wish to attend the General Meeting in person, you will be required to present the enclosed proxy form and a valid government issued proof of identification.

C. Representation

Shareholders of record, who do not attend the General Meeting in person, may:

(a) grant a proxy to the independent proxy, Sandro Tobler, attorney at law, Schnurren¬berger, Tobler, Gnehm & Partner, Alpenstrasse 2, 6300 Zug, Switzerland, in writing or electronically (see instruction on the proxy form); or

(b) grant a proxy in writing to another shareholder or other third party.

Proxies to the independent proxy must be received by the independent proxy or by Vote Processing c/o Broadridge, 51 Mercedes Way, Edgewood NY11717, USA, no later than 4pm EDT on 7 March 2018. Proxies received after such time will not be considered.

To vote electronically, go to proxyvote.com and follow the instructions. You will need a 12-digit control number that is included on your proxy form. Electronic instructions must be received no later than 4pm EDT on 8 March 2018.

Shareholders that have granted a proxy to the independent proxy may not vote their shares at the General Meeting.

D. Registration as a shareholder with voting rights / No Trading Restrictions

Instructions on how a "street name" holder may become a holder of record are available in the "Investors" section of our website (www.aurismedical.com). Between 4 pm EDT on 5 March 2018 and 4pm EDT on 12 March 2018 no shareholder will be registered as a shareholder of record in the Company's share ledger. American Stock Transfer & Trust Company, LLC will continue to register transfers of shares in the share register in its capacity as transfer agent.

The registration of shareholders for voting purposes does not impact trading of Auris Medical shares held by registered shareholders before, during or after the General Meeting.

E. "Street Name" Holders

"Street name" holders hold their shares through a bank, brokerage firm or other nominee. The record date for "street name" holders is 9 February 2018. "Street name" holders should follow the instructions provided by their bank, broker or nominee when voting their shares. "Street name" holders who wish to vote in person at the General Meeting must obtain a signed proxy from the organization that holds their shares entitling them to represent and vote the shares at the General Meeting. The proxy must be presented at the entrance together with a government issued proof of identification.

"Street name" holders who have not obtained a proxy from their broker or custodian are not entitled to vote in person or participate in the General Meeting.

F. Additional Information

The Company's current share capital amounts to CHF 24,469,555.60, divided into 61,173,889 registered shares with a nominal value of CHF 0.40 each. Following the Merger, the share capital of the surviving company (Auris Medical NewCo Holding AG, then renamed Auris Medical Holding AG) will be CHF 122,347.76, divided into 6,117,388 registered shares with a nominal value of CHF 0.02 each (subject to changes/adjustments, as described above under "Information available for inspection"). The Company's current authorized share capital amounts to CHF 2,122,326.00, allowing for the issuance of up to 5,305,815 registered shares with a nominal value of CHF 0.40 each until 13 April 2019. Following the Merger, the authorized share capital of the surviving company will be CHF 61,000.00, allowing for the issuance of up to 3,050,000 registered shares with a nominal value of CHF 0.02 each until 29 January 2020. The Company's conditional capital (for financing purposes), as per the current articles of association of the Company, amounts to CHF 6,260,000.00, allowing for the issuance of up to 15,650,000 registered shares with a nominal value of CHF 0.40 each. Following the Merger, the conditional capital (for financing purposes) of the surviving company will be CHF 42,700.00, allowing for the issuance of up to 2,135,000 registered shares with a nominal value of CHF 0.02 each (subject to changes/adjustments). The Company's conditional capital (for equity incentive plans), as per the current articles of association of the Company, amounts to CHF 2,600,000.00, allowing for the issuance of up to 6,500,000 registered shares with a nominal value of CHF 0.40 each. Following the Merger, the conditional capital (for equity incentive plans) of the surviving company will be CHF 18,300.00, allowing for the issuance of up to 915,000 registered shares with a nominal value of CHF 0.02 each.

In connection with the contemplated Merger, the Swiss Federal Tax Administration has taken the position (on the basis of a tax ruling) that, as a result of the Merger and the resulting decrease in the nominal value of the shares, the Capital Contribution Reserves of the surviving company must be partially reduced and the relevant amount reallocated. The surviving company does not intend to make distributions in the foreseeable future, but if the position of the tax authorities were to prevail, it is likely that any distributions from the reallocated amount would be treated as taxable dividends for Swiss tax purposes. If the surviving company ever decides to declare dividends, it expects to challenge the view under the tax ruling.

Questions:
Please contact Auris Medical at the address below:
Auris Medical Holding AG
Attn. Investor Relations
Bahnhofstrasse 21
6300 Zug, Switzerland
Phone: +41 41 729 71 94
investors@aurismedical.com

Translation
In case of discrepancies between the English version and the German original of this invitation, the wording of the German original prevails.

Einladung zur Ausserordentlichen Generalversammlung

der Auris Medical Holding AG

Datum: 12. März 2018, 8:30 Uhr (Saalöffnung 8:00 Uhr)

Ort: Theater Casino Zug, Artherstrasse 2-4, 6300 Zug, Schweiz

Traktanden

1 **Bedingtes Traktandum: Genehmigung der Fusion zwischen der Auris Medical Holding AG (als übertragende Gesellschaft) und der Auris Medical NewCo Holding AG (als übernehmende Gesellschaft) gemäss den Bestimmungen des Fusionsvertrags vom 9. Februar 2018 und gestützt auf die Zwischenbilanz der Auris Medical Holding AG per 30. September 2017**

Vorbemerkungen: Die Gesellschaft hat am 1. März 2017 bekanntgegeben, dass The Nasdaq Stock Market LLC (**Nasdaq**) die Gesellschaft schriftlich darüber informierte, wonach die Gesellschaft die Mindestangebotsregel gemäss Nasdaq Listing Rules für die Aufrechterhaltung der Kotierung am Nasdaq Capital Market nicht mehr einhält. Gemäss Nasdaq Listing Rule 5550(a)(2) müssen die Aktien einer Emittentin ein Mindestangebotspreis von USD 1.00 pro Aktie erfüllen. Sollte die Gesellschaft dieses Erfordernis während einer bestimmten (verlängerbaren) Frist nicht einhalten, kann es zu einer Dekotierung der Aktien kommen. Bis zum 8. Februar 2018 konnte die Regelkonformität nicht wieder hergestellt werden. Am 7. Februar 2018, dem zweitletzten Handelstag vor dem Datum dieser Einladung, lag der Schlusskurs bei unter USD 1.00 pro Aktie. Um die Regelkonformität wieder herzustellen, muss der Schlusskurs der Aktien der Gesellschaft für eine Dauer von mindestens 10 aufeinanderfolgenden Handelstagen wenigstens USD 1.00 betragen. Bis zum 26. März 2018 muss die Regelkonformität wieder hergestellt werden. Die Gesellschaft erwartet im ersten Quartal 2018 erste Schlüssel-Ergebnisse aus der Phase 3 Studie zu Keyzilen® (TACTT3) gegen akuten Innenohr Tinnitus. Je nach Studienausgang könnte der Schlusskurs der gehandelten Aktien der Gesellschaft an 10 aufeinanderfolgenden Handelstagen bei der erforderlichen Höhe von mindestens USD 1.00 liegen, womit die Regelkonformität wieder hergestellt wäre. Die Ergebnisse der TACTT3 Studie sowie deren Auswirkungen auf den Aktienkurs sind zum jetzigen Zeitpunkt jedoch nicht voraussehbar. Vor diesem Hintergrund ersucht der Verwaltungsrat die Zustimmung der Aktionäre der Gesellschaft, die Auris Medical Holding AG in die neu gegründete, von ihr zu 100% gehaltene Schweizer Tochtergesellschaft Auris Medical NewCo Holding AG (**Auris NewCo**) mittels gesetzlicher Absorptionsfusion zu fusionieren (die **Fusion**), wobei Auris NewCo (bei Eintragung der Fusion neu „Auris Medical Holding AG“ firmierend) die übernehmende Gesellschaft ist und ein Aktienkapital von CHF 122‘347.76, eingeteilt in 6‘117‘388 Namenaktien mit einem Nennwert von je CHF 0.02 aufweisen wird (vorbehältlich von Anpassungen/Adjustierung, vgl. unten unter „Information betreffend Einsichtsrecht“). Für jeweils 10 Aktien der heutigen Auris Medical Holding AG mit einem Nennwert von je CHF 0.40 wird 1 neue NewCo Aktie mit einem Nennwert von CHF 0.02 ausgegeben und zugeteilt, was einem Umtausch bzw. einer Zusammenlegung der Aktien im Verhältnis 10 zu 1 mittels der Fusion entspricht. Thomas Meyer, CEO und Gründer der Gesellschaft, hat sich ohne Gegenleistung dazu verpflichtet, aus seinem eigenen Bestand diejenige Anzahl Aktien zu verschaffen, die im Zusammenhang mit der Aktienzusammenlegung notwendig ist, damit eine vollständige Allokation neuer (Auris NewCo) Aktien ohne Bruchteile erfolgen kann. Als Stichtag für die jeweilige Beteiligung gilt der Aktienbestand per letztem Handelstag vor der Eintragung der Fusion im Handelsregister (welche voraussichtlich um den 12. März 2018 herum erfolgt).

Bedingte Traktandierung: Traktandum 1 ist bedingt traktandiert. Sollte die Regelkonformität betreffend Mindestangebotsregel durch die Gesellschaft vor der Generalversammlung nicht wieder hergestellt worden sein, erfolgt eine Abstimmung zu Traktandum 1. Sollte der Schlusskurs der Aktien der Gesellschaft für eine Dauer von 10 aufeinanderfolgenden Handelstagen unmittelbar vor der Generalversammlung bei mindestens USD 2.00 liegen, gilt Traktandum 1 als widerrufen und es erfolgt keine Abstimmung darüber. In allen anderen Fällen entscheidet der Verwaltungsrat, ob über Traktandum 1 abgestimmt wird. Eine allfällige Nichtdurchführung der Abstimmung hat zugleich zur Folge, dass die Generalversammlung abgesagt wird; alle eingereichten Vollmachten verlieren ihre Gültigkeit. Sollte der Verwaltungsrat die Generalversammlung absagen, würde dies unmittelbar vor dem geplanten Datum der Generalversammlung mittels Pressemitteilung öffentlich bekanntgegeben werden.

Antrag des Verwaltungsrates:

> Der Verwaltungsrat beantragt, dass die Aktionäre die Fusion zwischen der Gesellschaft (als übertragende Gesellschaft) und der Auris Medical NewCo Holding AG (als übernehmende Gesellschaft) gemäss den Bestimmungen des Fusionsvertrags vom 9. Februar 2018 und gestützt auf die Zwischenbilanz der Gesellschaft per 30. September 2017 genehmigen.

Information betreffend Einsichtsrecht: Seit dem 9. Februar 2018 liegen die folgenden Dokumente (die **Fusionsdokumentation**) am Sitz der Gesellschaft sowie der Auris NewCo, jeweils Bahnhofstrasse 21, 6300 Zug, Schweiz, zur Einsicht auf (die Dokumente können zudem auf der Webseite der Gesellschaft (www.aurismedical.com) unter „Investors“ heruntergeladen werden): (i) Fusionsvertrag vom 9. Februar 2018, (ii) Fusionsbericht gemäss Art. 14 des Bundesgesetzes über Fusion, Spaltung, Umwandlung und Vermögensübertragung (**FusG**) vom 9. Februar 2018, (iii) Prüfungsbericht der Revisionsstelle gemäss Art. 15 FusG vom 9. Februar 2018, ausgestellt durch Treureva AG, (iv) geprüfter Zwischenabschluss der Gesellschaft per 30. September 2017, (v) Eröffnungsbilanz der Auris Medical NewCo Holding AG vom 30. Januar 2018, (vi) Jahresrechnungen sowie Lageberichte der Gesellschaft der letzten drei Geschäftsjahre. Diese Dokumente werden für mindestens 30 Tage bis zum 12. März 2018 zur Einsicht aufgelegt sein. Es ist zu beachten, dass sich die in dieser

Einladung erwähnten Beträge/Zahlen betreffend das Aktienkapital, die Anzahl Aktien sowie der Nennwert der Aktien der Auris NewCo nach Massgabe möglicher Erhöhungen des Aktienkapitals der Gesellschaft als Folge von ausgeübten, durch die Gesellschaft ausgegebenen Optionen/Warrants ändern könnten bzw. entsprechend adjustiert werden.

Information betreffend bedingter Vollzug der Fusion: Der Vollzug der Fusion ist nach Massgabe des Fusionsvertrages vom 9. Februar 2018 wie folgt bedingt ausgestaltet, wobei diese besondere Bedingung im Fall einer Zustimmung zu Traktandum 1 der Generalversammlung zur Anwendung gelangt: Sollte die Regelkonformität betreffend Mindestangebotsregel durch die Gesellschaft bis zu einem vom Verwaltungsrat zu bestimmenden Zeitpunkt (der jedoch innerhalb von fünf Arbeitstagen nach Abschluss der Generalversammlung liegen muss) nicht wiederhergestellt worden sein, wird die Fusion unmittelbar nach der Zustimmung durch die Generalversammlung der Auris NewCo vollzogen und im Handelsregister zur Eintragung angemeldet. Sollte der Schlusskurs der Aktien der Gesellschaft für eine Dauer von 10 aufeinanderfolgenden Handelstagen unmittelbar vor dem vom Verwaltungsrat zu bestimmenden Zeitpunkt (der jedoch innerhalb von fünf Arbeitstagen nach Abschluss dieser Generalversammlung liegen muss) bei oder über USD 2.00 gelegen haben, wird die Fusion nicht vollzogen beziehungsweise die Generalversammlung der Auris NewCo wird nicht über die Fusion abstimmen. In allen anderen Fällen entscheidet der Verwaltungsrat innerhalb von fünf Arbeitstagen nach Abschluss der Generalversammlung mittels Beschluss, ob die Fusion vollzogen wird. Soll die Fusion vollzogen werden, wird die Generalversammlung der Auris NewCo über die Fusion abstimmen, und die Fusion wird im Handelsregister zur Eintragung angemeldet. Die jeweilige Entscheidung des Verwaltungsrats wird zeitnah nach der Generalversammlung mittels Pressemitteilung öffentlich bekanntgegeben.

Technische Umsetzung der Fusion: Die Gesellschaft geht aktuell davon aus, dass die Aktien der übernehmenden Gesellschaft (Auris Medical NewCo Holding AG, im Zuge der Fusion neu „Auris Medical Holding AG“ firmierend) nach Wirksamwerden der Fusion unter dem Handelssymbol "EARS" am Nasdaq Capital Market gehandelt werden. Der Exchange Agent der Gesellschaft, American Stock Transfer & Trust Company, LLC (AST), ist der Exchange Agent für die Fusion. Bei Aktionären, welche Aktien über einen Broker oder einen Nominee besitzen, wird die Beteiligung automatisch an die Fusion bzw. die sich aus der Fusion ergebende Zusammenlegung angepasst. Nach Wirksamwerden der Fusion wird die Aktie am Nasdaq Capital Market auf einer Fusions-/Zusammenlegung-adjustierten Basis um den 13. März 2018 herum gehandelt. Die neue CUSIP-Nummer wird vor dem ersten Handelstag öffentlich bekannt gemacht.

2* Entlastung der Mitglieder des Verwaltungsrats und der mit der Geschäftsführung der Gesellschaft betrauten Personen

Der Verwaltungsrat beantragt, seinen Mitgliedern und den mit der Geschäftsführung beauftragten Personen für das Geschäftsjahr 2017 sowie für das Geschäftsjahr 2018 (bis zum Tag der Generalversammlung) die Entlastung zu erteilen.

3* Vergütung des Verwaltungsrats und der Geschäftsleitung

3.1* Genehmigung der Vergütung des Verwaltungsrats

Der Verwaltungsrat beantragt, den maximalen Gesamtbetrag der Vergütung der Mitglieder des Verwaltungsrats in der Höhe von CHF 400’000 (brutto) für den Zeitraum von dieser Generalver¬sammlung bis zur ordentlichen Generalversammlung 2019 zu genehmigen.

3.2* Genehmigung der Vergütung der Geschäftsleitung für das Geschäftsjahr 2019

Der Verwaltungsrat beantragt, den maximalen Gesamtbetrag der fixen Vergütung der Mitglieder der Geschäftsleitung in der Höhe von CHF 3'000'000 (brutto) für das Geschäftsjahr 2019 zu genehmigen.

4* Wahlen in den Verwaltungsrat und Wiederwahl des Präsidenten

Der Verwaltungsrat beantragt die:

4.1* -Wiederwahl von Thomas Meyer als Mitglied und als Präsident des Verwaltungsrats

4.2* -Wiederwahl von Armando Anido als Mitglied des Verwaltungsrats

4.3* -Wiederwahl von Mats Blom als Mitglied des Verwaltungsrats

4.4* -Wiederwahl von Calvin W. Roberts als Mitglied des Verwaltungsrats

4.5* -Wahl von Alain Munoz als Mitglied des Verwaltungsrats

jeweils für eine Amtsdauer von einem Jahr bis zum Abschluss der ordentlichen Generalversammlung 2019.

5* Wahlen in den Vergütungsausschuss des Verwaltungsrats

Der Verwaltungsrat beantragt die:

5.1* -Wiederwahl von Armando Anido als Mitglied des Vergütungsausschusses

5.2* -Wahl von Alain Munoz als Mitglied des Vergütungsausschusses

für eine Amtsdauer von einem Jahr bis zum Abschluss der ordentlichen Generalversammlung 2019.

6* Wiederwahl der Revisionsstelle

Der Verwaltungsrat beantragt die Wiederwahl von Deloitte AG als Revisionsstelle für das Geschäftsjahr 2018.

7* Wiederwahl des unabhängigen Stimmrechtsvertreters

Der Verwaltungsrat beantragt die Wiederwahl von Rechtsanwalt Sandro G. Tobler, Zug, als unabhängigen Stimmrechtsvertreter für eine Amtsdauer von einem Jahr bis zum Abschluss der ordentlichen Generalversammlung 2019.

*** Allgemeiner Hinweis: Die Nichtdurchführung der Abstimmung zu Traktandum 1 (vgl. oben) hat zur Folge, dass die ausserordentliche Generalversammlung und damit auch die Abstimmungen zu den Traktanden 2–7 nicht stattfinden. Sollte der Verwaltungsrat die Generalversammlung absagen, würde dies unmittelbar vor dem geplanten Datum der Generalversammlung mittels Pressemitteilung öffentlich bekanntgegeben werden. Der Verwaltungsrat würde alsdann eine ordentliche Generalversammlung der Gesellschaft einberufen. Im Falle einer Durchführung und Zustimmung von Traktandum 1 (Fusion) werden die Abstimmungen zu Traktanden 2–7 durchgeführt und die Ergebnisse zu Traktanden 3–7, vorbehältlich des Vollzugs der Fusion, auf Stufe der übernehmenden Gesellschaft Auris NewCo sinngemäss umgesetzt. Die betreffenden Beschlussfassungen der separaten Generalversammlung der Auris NewCo würden unmittelbar vor der Eintragung der Fusion entsprechend dem Stimmergebnis der Generalversammlung der Auris Medical Holding AG erfolgen.**

Zug, 9. Februar 2018
Für den Verwaltungsrat

// Thomas Meyer, Präsident und CEO

Organisatorische Hinweise

A. Dokumentation

Die Fusionsdokumentation, der Vergütungsbericht der Auris Medical Holding AG für das Geschäftsjahr 2017 sowie den dazugehörigen Bericht der Revisionsstelle können unter der Rubrik "Investors" unserer Website (www.aurismedical.com) eingesehen werden.

B. Einladung und Persönliche Teilnahme

An der Generalversammlung teilnahme- und stimmberechtigt sind die am 5. März 2018 um 16 Uhr EDT im Aktienbuch unseres Transfer Agents, American Stock Transfer & Trust Company, LLC, eingetragenen Aktionäre. Die Einladung und das Vollmachtsformular werden am 12. Februar 2018 an die am 9. Februar 2018 im Aktienbuch eingetragenen Aktionäre versandt. Aktionäre, die sich nach dem 9. Februar 2018 im Aktienbuch eintragen lassen, erhalten die Einladung nach dem 12. Februar 2018.

Aktionäre, die persönlich an der Generalversammlung teilnehmen, müssen sich am Eingang mit dem Vollmachtsformular und einem gültigen Personal¬ausweis ausweisen.

C. Vollmachten

Aktionäre, die nicht persönlich an der Generalversammlung teilnehmen, können:

(a) dem unabhängigen Stimmrechtsvertreter, Herrn RA Sandro Tobler, Schnurrenberger, Tobler, Gnehm & Partner, Alpen-strasse 2, 6300 Zug, Schweiz, schriftlich oder elektronisch (vgl. hierzu die Instruktionen auf dem Vollmachtsformular) eine Vollmacht erteilen; oder

(b) einem anderen Aktionär oder einen Dritten schriftlich eine Vollmacht erteilen.

Vollmachten an den unabhängigen Stimmrechtsvertreter müssen bis zum 7. März 2018, 16 Uhr EDT, beim unabhängigen Stimmrechtsvertreter oder bei Vote Processing c/o Broadridge, 51 Mercedes Way, Edgewood NY11717, USA, eingehen. Später eingehende Vollmachten können nicht berücksichtigt werden.

Um elektronisch abzustimmen, besuchen Sie bitte die Website proxyvote.com und folgen den Anweisungen. Sie benötigen eine zwölfstellige Kontrollnummer, die sie Ihrem Vollmachtsformular entnehmen können. Elektronische Vollmachten müssen bis zum 8. März 2018, 16 Uhr EDT, eingehen.

Aktionäre, die dem unabhängigen Stimmrechtsvertreter schriftlich oder elektronisch eine Vollmacht erteilen, sind an der Generalversammlung nicht stimmberechtigt.

D. Eintragungen im Aktienbuch / Keine Handelsbeschränkung

Informationen zur Eintragung im Aktienbuch sind in der Investor Relations Abteilung unserer Website (www.aurismedical.com) erhältlich. Zwischen dem 5. März 2018, 16 Uhr EDT, und 12. März 2018, 16 Uhr EDT, werden keine Aktionäre mit Stimmrecht im Aktienbuch der Gesellschaft eingetragen. In ihrer Eigenschaft als Transfer Agent nimmt American Stock Transfer & Trust Company, LLC Eintragungen und Löschungen im Aktienbuch auch während der Registersperre vor.

Die Eintragung der Aktionäre zum Zweck der Stimmabgabe hat keinen Einfluss auf den Handel mit Auris Medical Aktien, die von den eingetragenen Aktionären vor, während oder nach der Generalversammlung gehalten werden.

E. Aktien in "Street Name"

Der Stichtag für Aktien, die treuhänderisch gehalten werden, ist der 9. Februar 2018. Die wirtschaftlich Berechtigten beachten in Bezug auf die Ausübung der Stimmrechte die Weisungen ihrer Bank, Broker oder Treuhänder. Wirtschaftlich Berechtigte, die persönlich an der Generalver-sammlung teilnehmen wollen, benötigen eine Vollmacht der Organisation, die ihre Aktien hält. Die Vollmacht muss zusammen mit einem gültigen Personalausweis am Eingang zur Generalversammlung vorgewiesen werden.

Wirtschaftlich Berechtigte, die keine Vollmacht von Ihrem Treuhänder erhalten haben, sind nicht berechtigt, die Aktien zu vertreten und an der Generalversammlung teilzunehmen.

F. Weitere Informationen

Das Aktienkapital der Gesellschaft beträgt aktuell CHF 24‘469‘555.60, eingeteilt in 61‘173‘889 Namenaktien mit einem Nennwert von je CHF 0.40. Im Zuge der Fusion wird das Aktienkapital der übernehmenden Gesellschaft (Auris Medical NewCo Holding AG, dannzumal Auris Medical Holding AG firmierend) CHF 122‘347.76 betragen, eingeteilt in 6‘117‘388 Namenaktien mit einem Nennwert von je CHF 0.02 (vorbehältlich von Anpassungen/Adjustierung, vgl. oben unter „Information betreffend Einsichtsrecht"). Das genehmigte Aktienkapital der Gesellschaft beträgt aktuell CHF 2'122‘326.00, was bis zum 13. April 2019 zur Ausgabe von bis zu 5‘305‘815 Namenaktien mit einem Nennwert von je CHF 0.40 berechtigt. Im Zuge der Fusion wir das genehmigte Aktienkapital der übernehmenden Gesellschaft CHF 61,000.00 betragen, was bis zum 29. Januar 2020 zur Ausgabe von bis zu 3,050,000 Namenaktien mit einem Nennwert von je CHF 0.02 berechtigt. Das bedingte Aktienkapital (für Finanzierungszwecke) der Gesellschaft beträgt, gemäss den aktuellen Statuten der Gesellschaft, CHF 6‘260‘000.00, was die Ausgabe von bis zu 15‘650‘000 Namenaktien mit einem Nennwert von je CHF 0.40 ermöglicht. Im Zuge der Fusion wird das bedingte Aktienkapital (für Finanzierungszwecke) der übernehmenden Gesellschaft CHF 42,700.00 betragen, was die Ausgabe von bis zu 2‘135‘000 Namenaktien mit einem Nennwert von je CHF 0.02 ermöglicht (vorbehältlich von Anpassungen/Adjustierung). Das bedingte Aktienkapital (für Beteiligungspläne) der Gesellschaft beträgt, gemäss den aktuellen Statuten der Gesellschaft, CHF 2'600‘000.00, was die Ausgabe von bis zu 6'500‘000 Namenaktien mit einem Nennwert von je CHF 0.40 ermöglicht. Im

Zuge der Fusion wird das bedingte Aktienkapital (für Beteiligungspläne) der übernehmenden Gesellschaft CHF 18‘300.00 betragen, was die Ausgabe von bis zu 915'000 Namenaktien mit einem Nennwert von je CHF 0.02 ermöglicht.

Im Zusammenhang mit der geplanten Fusion hat die Eidgenössische Steuerverwaltung die Position vertreten (auf Grundlage eines Steuerrulings), dass infolge der Fusion und der daraus resultierenden Reduktion des Nennwertes der Aktien die Kapitaleinlagereserven der übernehmenden Gesellschaft teilweise reduziert und der entsprechende Betrag umgebucht werden muss. Die übernehmende Gesellschaft beabsichtigt nicht, in der näheren Zukunft Ausschüttungen vorzunehmen. Sollte jedoch die Position der Steuerbehörden als massgebend betrachtet werden, so ist es wahrscheinlich, dass jegliche Ausschüttungen aus dem umgebuchten Betrag aus Schweizer steuerrechtlicher Sicht als steuerbare Dividende betrachtet würden. Sollte die übernehmende Gesellschaft jemals die Ausschüttung von Dividenden beschliessen, so würde sie die im Steuerruling vertretene Position voraussichtlich anfechten.

Fragen:
Bei Fragen zur Generalversammlung wenden Sie sich bitte an:

Auris Medical Holding AG
zHd Investor Relations
Bahnhofstrasse 21
6300 Zug, Schweiz
Tel. +41 41 729 71 94
investors@aurismedical.com

Fusionsvertrag
Merger Agreement

vom 9. Februar 2018
dated as of 9 February 2018

zwischen
by and between

Auris Medical Holding AG *(die **Übertragende Gesellschaft**)*
Bahnhofstrasse 21, 6300 Zug *(the **Transferring Company**)*

und
and

Auris Medical NewCo Holding AG (die **Übernehmende Gesellschaft**)
Bahnhofstrasse 21, 6300 Zug *(the **Surviving Company**)*

(die Übertragende Gesellschaft und die Übernehmende Gesellschaft je eine **Partei**, und zusammen die **Parteien**)
*(the Transferring Company and the Surviving Company each a **Party**, and together the **Parties**)*

betreffend
regarding

Fusion
Merger

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Präambel
Preamble

A. Die Übertragende Gesellschaft ist eine Aktiengesellschaft nach schweizerischem Recht gemäss den Art. 620 ff. des Schweizerischen Obligationenrechts (**OR**), mit Sitz in Zug (Firmennummer CHE-108.297.413). Das Aktienkapital der Übertragenden Gesellschaft beträgt aktuell CHF 24‘469‘555.60, eingeteilt in 61'173‘889 voll liberierte Namenaktien mit einem Nennwert von je CHF 0.40 (je eine **Auris Aktie** und zusammen die **Auris Aktien**).

*The Transferring Company is a stock corporation under Swiss law in accordance with article 620 et seq. of the Swiss Code of Obligations (**CO**), with registered seat in Zug (identification no. CHE-108.297.413). The share capital of the Transferring Company is currently CHF 24,469,555.60, divided into 61,173,889 fully paid-in registered shares with a nominal value of CHF 0.40 each (each an **Auris Share** and together the **Auris Shares**).*

B. Die Übernehmende Gesellschaft ist eine Aktiengesellschaft nach schweizerischem Recht gemäss den Art. 620 ff. OR, mit Sitz in Zug (Firmennummer CHE-474.294.374). Das Aktienkapital der Übernehmenden Gesellschaft beträgt aktuell CHF 122'347.76, eingeteilt in 6‘117‘388 voll liberierte Namenaktien mit einem Nennwert von je CHF 0.02 (je eine **Neue Auris Aktie** und zusammen die **Neuen Auris Aktien**).

The Surviving Company is a stock corporation under Swiss law in accordance with article 620 et seq. CO, with registered seat in Zug (identification no. CHE- 474.294.374*). The share capital of the Surviving Company is CHF 122,347.76, divided into 6,117,388 fully paid-in registered shares with a nominal value of CHF 0.02 each (each a **New Auris Share** and together the **New Auris Shares**).*

C. Die Auris Aktien sind am Nasdaq Capital Market (**Nasdaq**) unter dem Ticker Symbol EARS kotiert. Unmittelbar nach Vollzug dieses Fusionsvertrages (der **Fusionsvertrag**) werden die Neuen Auris Aktien an der Nasdaq kotiert und entsprechend den anwendbaren Nasdaq Kotierungsreglementen gehandelt werden.

*The Auris Shares are listed on the Nasdaq Capital Market (**Nasdaq**) under ticker symbol EARS. Immediately following consummation of this merger agreement (the **Merger Agreement**), the New Auris Shares will be listed and traded on Nasdaq in accordance with the applicable Nasdaq listing rules.*

D. Alle Aktien der Übernehmenden Gesellschaft werden derzeit von der Übertragenden Gesellschaft gehalten.

All shares in the Surviving Company are currently held by the Transferring Company.

E. Die Übernehmende Gesellschaft und die Übertragende Gesellschaft beabsichtigen, ihre beiden Gesellschaften gemäss den Bestimmungen des vorliegenden Fusionsvertrages zu fusionieren.

The Surviving Company and the Transferring Company intend to merge their companies according to the terms and conditions set forth in this Merger Agreement.

F. Weder die Übertragende Gesellschaft noch die Übernehmende Gesellschaft verfügen über Mitarbeiter, sodass eine Mitarbeiterinformation und/oder -konsultation i.S.v. Art. 28 FusG i.V.m. Art. 333a OR entfällt.

Neither the Transferring Company nor the Surviving Company has any employees, as a consequence of which there is no need for information and/or consultation of employees pursuant to article 28 Merger Act in connection with article 333a CO.

Gestützt hierauf vereinbaren die Parteien was folgt:

Now, therefore, *the Parties agree as follows:*

1. Zusammenschluss
Combination

Die Übernehmende Gesellschaft und die Übertragende Gesellschaft vereinbaren hiermit, sich gemäss den Bestimmungen dieses Fusionsvertrages im Sinne von Art. 3 Abs. 1 lit. a i.V.m. Art. 4 Abs. 1 lit. a FusG zusammenzuschliessen.

The Surviving Company and the Transferring Company herewith agree to merge according to article 3 (1) (a) in connection with article 4 (1) (a) Merger Act in accordance with this Merger Agreement.

2. Durchführung des Zusammenschlusses
Implementation of Combination

2.1. Fusion
Merger

Die Parteien vereinbaren hiermit, dass die Übernehmende Gesellschaft und die Übertragende Gesellschaft im Sinne von Art. 3 Abs. 1 lit. a in Verbindung mit Art. 4 Abs. 1 lit. a FusG nach Massgabe dieses Fusionsvertrages fusionieren werden (Absorptionsfusion zwischen zwei Aktiengesellschaften) (die **Fusion**) und damit alle Aktiven und Verbindlichkeiten der Übertragenden Gesellschaft gemäss den Bestimmungen dieses Fusionsvertrages und dem FusG auf die Übernehmende Gesellschaft übergehen. Mit dem Übergang aller Aktiven und Verbindlichkeiten auf die Übernehmende Gesellschaft und der Rechtswirksamkeit der Fusion wird die Übertragende Gesellschaft ohne Liquidation aufgelöst und im Handelsregister gelöscht.

The Parties herewith agree that the Surviving Company and the Transferring Company shall merge according to article 3 (1) (a) in connection with article 4 (1) (a) Merger Act in accordance with the terms set forth in this Merger Agreement (merger by absorption between two stock corporations) (the ***Merger****) such that all of the assets and liabilities (debt) of the Transferring Company will be transferred to the Surviving Company in accordance with this Merger Agreement and the Merger Act. Upon the merger of the assets and the liabilities (debt) into the Surviving Company and effectiveness of the Merger, the Transferring Company shall be dissolved without liquidation and deleted from the Commercial Register.*

Sämtliche Aktiven und Verbindlichkeiten der Übertragenden Gesellschaft werden mit der Rechtswirksamkeit der Fusion, d.h. mit der Eintragung der Fusion in das Handelsregister, kraft Universalsukzession (von Gesetzes wegen) Aktiven und Verbindlichkeiten der Übernehmenden Gesellschaft. Per 30. September 2017, dem Stichdatum der als Anhang 2.1 beigefügten geprüften Fusionsbilanz (geprüfte handelsrechtliche Zwischenbilanz) der Übertragenden Gesellschaft, belaufen sich die Aktiven der Übertragenden Gesellschaft auf CHF 109‘120‘542 und die Verbindlichkeiten (Schulden) auf CHF 12‘862‘063, was einem Aktivenüberschuss von CHF 96‘258‘479 entspricht. Sämtliche bis zur Rechtswirksamkeit der Fusion (d.h. Eintragung der Fusion im Handelsregister) von der Übertragenden Gesellschaft vorgenommenen Handlungen gelten als für Rechnung der Übertragenden Gesellschaft vorgenommen.

All assets and liabilities (debt) of the Transferring Company shall, by operation of law (universal succession), become the assets and liabilities (debt) of the Surviving Company as of the effectiveness of the Merger, i.e. upon registration of the Merger in the Commercial Register. As of 30 September 2017, the record date of the audited merger balance sheet set forth in Annex 2.1 (audited interim balance sheet), the assets of the Transferring Company amount to CHF 109,120,542 and the liabilities (debt) to CHF 12,862,063, corresponding to a surplus of assets of CHF 96,258,479. All actions taken by the Transferring Company until the Merger becoming effective (i.e. with effect as of the registration of the Merger in the commercial register) are deemed to have been taken for the account of the Transferring Company.

Die Übernehmende Gesellschaft wird mit Wirksamwerden der Fusion ein Aktienkapital von CHF 122'347.76 aufweisen, eingeteilt in 6'117'388 Namenaktien mit einem Nennwert von je CHF 0.02. Es ist indes zu beachten, dass sich die in diesem Fusionsvertrag erwähnten Beträge/Zahlen betreffend das Aktienkapital, die Anzahl Aktien sowie der Nennwert der Aktien der Übernehmenden Gesellschaft nach Massgabe möglicher Erhöhungen des Aktienkapitals der Übertragenden Gesellschaft als Folge von ausgeübten, durch die Übertragende Gesellschaft ausgegebenen Optionen/Warrants ändern könnten bzw. entsprechend adjustiert werden.

The Surviving Company will, upon effectiveness of the Merger, have a share capital of CHF 122,347.76, divided into 6,117,388 registered shares with a nominal value of CHF 0.02 each. It should be noted, however, that the figures/numbers mentioned in this Merger Agreement relating to the share capital, the number of shares issued and the nominal value of the shares in the Surviving Company remain subject to changes/adjustments to reflect possible increases in the Transferring Company's share capital as a result of any exercised options/warrants issued by the Transferring Company.

Die Parteien haben einen gemeinsamen Fusionsbericht erstellt und werden diesen, zusammen mit diesem Fusionsvertrag und den übrigen Dokumenten gemäss Art. 16 FusG, ihren Aktionären für mindestens 30 Tage vor der Beschlussfassung durch die Generalversammlung der Übertragenden Gesellschaft bzw. der Übernehmenden Gesellschaft zur Einsicht auflegen. Sie haben Treureva AG, in Zürich, gemeinsam mit der Prüfung des Fusionsvertrages und des Fusionsberichts gemäss Art. 15 FusG beauftragt.

The Parties have jointly prepared a merger report and will submit such report, together with this Merger Agreement and the other documents pursuant to *article 16 Merger Act, for inspection by their shareholders during at least 30 days prior to the resolutions of the general meeting of the Transferring Company and of the Surviving Company, respectively. They have jointly mandated Treureva Ltd, in Zurich, to audit the Merger Agreement and the merger report according to article 15 Merger Act.*

2.2. Statuten und Firma
Articles of Association and Company Name

Die Statuten der Übernehmenden Gesellschaft werden im Zusammenhang mit dem Vollzug dieses Fusionsvertrages wie folgt geändert:

In connection with the completion of the transaction contemplated in the Merger Agreement, the articles of association of the Surviving Company will be amended as follows:

1. Die Firma der Übernehmenden Gesellschaft wird in „Auris Medical Holding AG (Auris Médical Holding SA) (Auris Medical Holding Ltd.)“ geändert und der Titel sowie Art. 1 der Statuten der Übernehmenden Gesellschaft entsprechend angepasst.

   The Surviving Company will change its company name as a result of the Merger to “Auris Medical Holding AG (Auris Médical Holding SA) (Auris Medical Holding Ltd.)” and the title and article 1 of the articles of association of the Surviving Company will be amended accordingly.

Da die Aktionäre der Übertragenden Gesellschaft die anlässlich der Fusion von der Übernehmenden Gesellschaft erworbenen eigenen Aktien erhalten, muss die Übernehmende Gesellschaft keine ordentliche Kapitalerhöhung durchführen.

Since the shareholders of the Transferring Company receive own shares acquired by the Surviving Company in the course of the Merger, no ordinary increase of the share capital of the Surviving Company is required.

2.3. Verwaltungsrat
Board of Directors

Per Vollzug der Fusion soll sich der Verwaltungsrat der Übernehmenden Gesellschaft unverändert zusammensetzen.

As per completion of the Merger, the composition of the board of directors of the Surviving Company shall remain unchanged.

3. Umtauschverhältnis
Exchange Ratio

Die Parteien vereinbaren hiermit, dass jedem Aktionär der Übertragenden Gesellschaft für jeweils 10 Auris Aktien mit einem Nennwert von je CHF 0.40 1 Neue Auris Aktie mit einem Nennwert von CHF 0.02 ausgegeben und zugeteilt wird, was einem Umtauschverhältnis von 10:1 entspricht (die **Aktienzuteilung**). Der Umtausch erfolgt am Tag der Rechtswirksamkeit der Fusion (d.h. am Tag der Eintragung im Handelsregister), voraussichtlich am 12. März 2018.

*The Parties herewith agree that each shareholder of the Transferring Company shall be allocated 1 New Auris Share with a nominal value of CHF 0.02 issued for 10 Auris Shares with a nominal value of CHF 0.40 each, corresponding to an exchange ratio of 10:1 (the **Share Consideration**). The exchange shall be effective as of the effective date of the Merger (i.e. with effect as of the registration of the Merger in the commercial register), expected to occur on 12 March 2018.*

Es werden im Rahmen des Umtausches nur ganze Neue Auris Aktien übertragen. Wenn Aktionäre der Übertragenden Gesellschaft aufgrund des Umtauschverhältnisses einen Anspruch auf einen Bruchteil einer Neuen Auris Aktie haben, erhalten sie eine ganze Neue Auris Aktie für diesen Bruchteil (der **Spitzenausgleich**).

*The Share Consideration shall not include any fractions of New Auris Shares. If, based on the exchange ratio, shareholders of the Transferring Company are entitled to a fraction of a New Auris Share, they shall receive 1 New Auris Share for such fraction (the **Compensation for Fractions**).*

Die Aktien, die im Zusammenhang mit dem Umtausch für die Zuteilung einer ganzen Anzahl von Neuen Auris Aktien an alle Aktionäre und für die Vermeidung einer Verteilung von Bruchteilen notwendig sind, werden den entsprechenden Aktionären aus dem von Thomas Meyer, CEO und Gründer der Übertragenden Gesellschaft, gehaltenen Anteil an Neuen Auris Aktien ohne Gegenleistung zur Verfügung gestellt werden.

The number of shares required in connection with the exchange to enable the allocation of a full number of New Auris Shares, and to avoid allocation of fractions, will be transferred to respective shareholders from the New Auris Shares held by Thomas Meyer, CEO and founder of the Transferring Company, for no consideration.

Den Aktionären der Übertragenden Gesellschaft wird infolge der Fusion keine Ausgleichszahlung in bar gewährt.

The shareholders of the Transferring Company will not receive any cash compensation in connection with the Merger.

4. Berechtigung am Bilanzgewinn
Eligibility regarding Balance Sheet Profit

Die Aktionäre der Übertragenden Gesellschaft sind in Bezug auf die Neuen Auris Aktien, die sie im Zusammenhang mit der Fusion erhalten, ab dem Datum ihres Eintrags im Aktionärsregister der Übernehmenden Gesellschaft dividendenberechtigt. Weitere Besonderheiten betreffend die Dividendenberechtigung bestehen nicht (Art. 13 Abs. 1 lit.e FusG).

The shareholders of the Transferring Company shall be entitled to dividends in relation to the New Auris Shares from the date they are registered in the shareholders' ledger of the Surviving Company. There are no further particularities regarding the eligibility for dividends (article 13 (1) (e) Merger Act).

5. Besondere Vorteile
Special Advantages

Als Folge der Fusion wird keinem Mitglied eines Leitungs- oder Verwaltungsorgans einer Partei ein besonderer Vorteil gewährt (Art. 13 Abs. 1 lit. h FusG).

As a consequence of the Merger, no member of the supreme administrative or management bodies and no managerial member of a Party was granted any special advantage (article 13 (1) (h) Merger Act).

6. Keine Sonderrechte, Anteile ohne Stimmrecht, Genussscheine
No Special Rights, Equity Interests without Voting Rights, Profit-Sharing Certificates

Es sind im Rahmen der Fusion keine Rechte von Inhabern von Sonderrechten, von Anteilen ohne Stimmrecht oder von Genussscheinen zu beachten.

No rights of holders of special rights, no equity interests without voting rights and no profit-sharing certificates need to be taken into account in connection with the Merger.

7. Keine Gesellschafter mit Unbeschränkter Haftung
No Shareholders or Quotaholders with Unlimited Liability

Bei der Fusion sind keine Gesellschafter mit unbeschränkter Haftung beteiligt.

No shareholders or quotaholders with unlimited liability are involved in the Merger.

8. Keine Abfindung
No Cash Compensation

Im Rahmen dieser Fusion wird keine Abfindung gemäss Art. 8 FusG gewährt.

No cash compensation in the meaning of article 8 Merger Act shall be granted in connection with the Merger.

9. Bedingungen für den Vollzug der Fusion
Conditions for Consummation of the Merger

9.1. Verwaltungsrat der Übernehmenden Gesellschaft
Board of Directors of Surviving Company

Die für die Übernehmende Gesellschaft handelnden Personen bestätigen hiermit, dass die zustimmende Beschlussfassung des Verwaltungsrates der Übernehmenden Gesellschaft zu diesem Fusionsvertrag erfolgt ist.

The individuals acting hereunder on behalf of the Surviving Company herewith confirm that the board of directors of the Surviving Company has approved this Merger Agreement.

9.2. Verwaltungsrat der Übertragenden Gesellschaft
Board of Directors of Transferring Company

Die für die Übertragende Gesellschaft handelnden Personen bestätigen hiermit, dass die zustimmende Beschlussfassung des Verwaltungsrates der Übertragenden Gesellschaft zu diesem Fusionsvertrag erfolgt ist.

The individuals acting hereunder on behalf of the Transferring Company herewith confirm that the board of directors of the Transferring Company has approved this Merger Agreement.

9.3. Generalversammlung der Übertragenden Gesellschaft
General meeting of the Transferring Company

Die Zustimmung der Generalversammlung der Übertragenden Gesellschaft zu diesem Fusionsvertrag ist eine Bedingung dieses Fusionsvertrages und der hierin vorgesehenen Transaktion. Unter Vorbehalt von Art. 17 Abs. 2 FusG wird der Verwaltungsrat der Übertragenden Gesellschaft der Generalversammlung der Übertragenden Gesellschaft diesen Fusionsvertrag mit Antrag auf Genehmigung zur Beschlussfassung vorlegen. Diese Generalversammlung wird voraussichtlich am 12. März 2018 stattfinden.

The approval of this Merger Agreement by the general meeting of the Transferring Company is a condition to this Merger Agreement and the transaction contemplated hereby. Subject to article 17 (2) Merger Act, the board of directors of the Transferring Company shall submit this Merger Agreement to the general meeting of the Transferring Company with motion to approve. The general meeting shall presumably be held on 12 March 2018.

Hinsichtlich der Bedingung gilt zudem Folgendes:

In connection with such condition, the following applies:

Gemäss Nasdaq Listing Rule 5550(a)(2) müssen die Aktien einer Emittentin ein Mindestangebotspreis von USD 1.00 pro Aktie erfüllen. Sollte die Emittentin dieses Erfordernis während einer bestimmten (verlängerbaren) Frist nicht einhalten, kann es zu einer Dekotierung der Aktien kommen. Bis zum 8. Februar 2018 konnte die Regelkonformität bei der Übertragenden Gesellschaft nicht wieder hergestellt werden. Um die Regelkonformität wieder herzustellen, muss der Schlusskurs der Aktien der Übertragenden Gesellschaft für eine Dauer von mindestens 10 aufeinanderfolgenden Handelstagen wenigstens USD 1.00 betragen. Die Fusion ist im Zusammenhang mit dieser Regelkonformität geplant. Sollte die Regelkonformität betreffend Mindestangebotsregel durch die Übertragende Gesellschaft vor der Generalversammlung der Übertragenden Gesellschaft nicht wieder hergestellt worden sein, erfolgt eine Abstimmung zum betreffenden Traktandum. Sollte der Schlusskurs der Aktien der Übertragenden Gesellschaft für eine Dauer von 10 aufeinanderfolgenden Handelstagen unmittelbar vor der Generalversammlung bei mindestens USD 2.00 liegen, gilt das betreffende Traktandum als widerrufen und es erfolgt diesfalls keine Abstimmung darüber. In allen anderen Fällen entscheidet der Verwaltungsrat der Übertragenden Gesellschaft, ob über das betreffende Traktandum abgestimmt wird. Sollte der Verwaltungsrat die Generalversammlung absagen, würde dies unmittelbar vor dem geplanten Datum der Generalversammlung der Übertragenden Gesellschaft mittels Pressemitteilung öffentlich bekanntgegeben. Die Fusion gilt seitens der Übertragenden Gesellschaft als genehmigt, falls deren Generalversammlung die Genehmigung dieses Fusionsvertrages mit dem erforderlichen Quorum gemäss Art. 18 Abs. 1 lit. a FusG beschliesst. Im Falle einer Zustimmung der Fusion durch die Generalversammlung der Übertragenden Gesellschaft gilt Folgendes: Sollte die Regelkonformität betreffend Mindestangebotsregel durch die Übertragende Gesellschaft bis zu einem vom Verwaltungsrat der Übertragenden Gesellschaft zu bestimmenden Zeitpunkt (der jedoch innerhalb von fünf Arbeitstagen *nach* Abschluss der Generalversammlung der Übertragende Gesellschaft liegen muss) nicht wiederhergestellt worden sein, wird die Fusion unmittelbar nach ihrer Zustimmung durch die Generalversammlung der Übernehmenden Gesellschaft vollzogen und im Handelsregister zur Eintragung angemeldet. Sollte der Schlusskurs der Aktien der Gesellschaft für eine Dauer von 10 aufeinanderfolgenden Handelstagen unmittelbar vor dem vom Verwaltungsrat der Übertragenden Gesellschaft zu bestimmenden Zeitpunkt (der jedoch innerhalb von fünf Arbeitstagen *nach* Abschluss der Generalversammlung der Übertragende Gesellschaft liegen muss) bei oder über USD 2.00 gelegen haben, wird die Fusion nicht vollzogen beziehungsweise die Generalversammlung der Übernehmenden Gesellschaft wird nicht über die Fusion abstimmen. In allen anderen Fällen entscheidet der Verwaltungsrat der Übertragenden Gesellschaft innerhalb von fünf Arbeitstagen *nach* Abschluss der Generalversammlung der Übertragenden Gesellschaft mittels Beschluss, ob die

Fusion vollzogen wird. Soll die Fusion vollzogen werden, wird die Generalversammlung der Übernehmenden Gesellschaft über die Fusion abstimmen, und die Fusion wird im Handelsregister zu Eintragung angemeldet. Die jeweilige Entscheidung des Verwaltungsrats der Übertragenden Gesellschaft wird zeitnah nach der Generalversammlung der Übertragenden Gesellschaft mittels Pressemitteilung öffentlich bekanntgegeben.

Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of USD 1.00 per share. If the issuer fails to regain compliance within a certain (extendable) period of time, it may become subject to delisting. Through 8 February 2018, the Company has not regained compliance with such minimum bid price requirement. To regain compliance, the Transferring Company’s shares must have a closing bid price of at least USD 1.00 for a minimum of 10 consecutive trading days. The Merger is planned in light of the effort to regain compliance. A vote on the relevant Agenda Item will be conducted if the Transferring Company has not regained compliance with Nasdaq's minimum bid price requirement prior to the general meeting of the Transferring Company. If the closing price of the Transferring Company’s shares has been at least equal to USD 2.00 for a minimum of 10 consecutive trading days ending immediately prior to the general meeting, then the board of directors of the Transferring Company shall withdraw the relevant Agenda Item and ther shall be no vote. In all other cases, the board of directors of the Transferring Company will decide as to whether the general meeting shall vote on the Agenda Item. Any decision to cancel the general meeting by the board of directors will be publicly announced immediately prior to the scheduled date of the general meeting. The Merger shall be considered to have been approved by the Transferring Company, if the general meeting of the Transferring Company resolves to approve the Merger Agreement with the required quorum pursuant to article 18 (1) (a) Merger Act. In case of an approval by the general meeting of the Transferring Company, the following applies. If the Transferring Company has not regained compliance with Nasdaq's minimum bid price requirement immediately prior to a time yet to be determined by the board of directors of the Transferring Company (which shall be within five business days after the conclusion of the general meeting of the Transferring Company), then, following the approval of the Merger by the Surviving Company’s general meeting, the Merger shall be consummated and filed with the competent Commercial Register, respectively. If the closing price of the Transferring Company shares has been at or above USD 2.00 for a minimum of 10 consecutive trading days ending immediately prior to the time yet to be determined by the board of directors of the Transferring Company (which shall be within five business days after the conclusion of the general meeting of the Transferring Company), then *the board of directors of the Transferring Company shall not consummate the Merger and, accordingly, the Surviving Company's general meeting will not vote on the Merger. In all other cases, the board of directors shall resolve within five business days after the conclusion of the general meeting of the Transferring Company as to whether it will consummate the Merger. In case the Merger shall be pursued, the Surviving Company's general meeting shall vote on the Merger, and the Merger shall be filed with the Commercial Register. The board of directors of the Transferring Company shall issue a press release in connection with its respective resolution in due course following the shareholders' meeting of the Transferring Company.*

9.4. Generalversammlung der Übernehmenden Gesellschaft
General meeting of the Surviving Company

Die Zustimmung der Generalversammlung der Übernehmenden Gesellschaft zu diesem Fusionsvertrag ist eine Bedingung dieses Fusionsvertrages und der hierin vorgesehenen Transaktion. Unter Vorbehalt von Art. 17 Abs. 2 FusG wird der Verwaltungsrat der Übernehmenden Gesellschaft der Generalversammlung der Übernehmenden Gesellschaft diesen Fusionsvertrag mit Antrag auf Genehmigung zur Beschlussfassung vorlegen. Diese Generalversammlung wird voraussichtlich am 12. März 2018 stattfinden. Betreffend Durchführung bzw. Nichtdurchführung der Generalversammlung der Übernehmenden Gesellschaft wird auf Artikel 9.3 verwiesen.

The approval of this Merger Agreement by the general meeting of the Surviving Company is a condition to this Merger Agreement and the transaction contemplated hereby. Subject to article 17 (2) Merger Act, the board of directors of the Surviving Company shall submit this Merger Agreement to the general meeting of the Surviving Company with motion to approve. This general meeting shall presumably be held on 12 March 2018. The general meeting of the Surviving Company may or may not take place, as further explained in Section 9.3.

Die Fusion gilt seitens der Übernehmenden Gesellschaft als genehmigt, falls deren Generalversammlung die Genehmigung dieses Fusionsvertrages mit dem erforderlichen Quorum gemäss Art. 18 Abs. 1 lit. a FusG beschliesst.

The Merger shall be considered to have been approved by the Surviving Company, if the general meeting of the Surviving Company resolves to approve *the Merger Agreement with the required quorum pursuant to article 18 (1) (a) Merger Act.*

10. Durchführung der Fusion
Implementation of Merger

10.1. Technische Abwicklung der Aktienzuteilung
Technical Execution of Transfer of Share Consideration

Die Aktienzuteilung und ein allfälliger Spitzenausgleich werden den Aktionären der Übertragenden Gesellschaft so rasch wie möglich nach dem Vollzug der Fusion ausgerichtet.

The Share Consideration and the Compensation for Fractions (if any) will be delivered to the shareholders of the Transferring Company as soon as practicable following the implementation of the Merger.

Die Parteien bezeichnen American Stock Transfer & Trust Company, LLC (AST) als Exchange Agent (der **Exchange Agent**) für die Abwicklung der Aktienzuteilung und des Spitzenausgleichs. Die Neuen Auris Aktien werden nach der Rechtswirksamkeit der Fusion voraussichtlich um den 13. März 2018 herum an der Nasdaq auf einer Fusions-/Zusammenlegung-adjustierte Basis gehandelt werden. Die neue CUSIP-Nummer für die Neuen Auris Aktien nach der Fusion wird vor dem ersten Handelstag öffentlich bekannt gemacht.

The Parties appoint American Stock Transfer & Trust Company, LLC (AST) as exchange agent (the ***Exchange Agent****) for the execution of the Share Consideration and the Compensation for Fractions. Following the consummation of the Merger, the New Auris Shares will begin trading on the Nasdaq Capital Market on a split-adjusted basis on or around 13 March 2018. The new CUSIP number for the common stock following the Merger will be made publicly available in advance of the first trading day.*

10.2. Ausrichtung der Aktienzuteilung
Settlement of the Share Consideration

Die Aktionäre der Übertragenden Gesellschaft werden ihre Neuen Auris Aktien in nicht zertifizierter Form als Bucheffekten erhalten, unabhängig davon, ob sie eingetragene Aktionäre oder Aktionäre sind, welche ihre Auris Aktien durch einen Finanzintermediär als Bucheffekten halten.

The shareholders of the Transferring Company, whether they are registered shareholders or shareholders who hold their Auris Shares via a financial intermediary in book-entry form, shall receive their New Auris Shares in uncertificated (book-entry) form.

10.3. Eintragung ins Aktienbuch
Registration in Share Register

Die Übernehmende Gesellschaft wird alle Aktionäre, welche Neue Auris Aktien gemäss Artikel 3 erhalten haben, ohne weiteres Gesuch als Aktionär mit Stimmrecht im Aktienbuch der Übernehmenden Gesellschaft eintragen. Wirtschaftlich Berechtigte an Auris Aktien, die in nicht zertifizierter Form im Namen von Cede & Co. als Nominee der Depository Trust Company gehalten werden, werden als Folge der Fusion wirtschaftliche Ansprüche an Neuen Auris Aktien erhalten, die in nicht zertifizierter Form im Namen von Cede & Co. als Nominee der Depository Trust Company gehalten werden. Diesbezüglich besteht kein Handlungsbedarf auf Seiten der Aktionäre der Übertragenden Gesellschaft, welche die Aktienzuteilung und allenfalls den Spitzenausgleich erhalten werden.

The Surviving Company shall register all shareholders who have been granted New Auris Shares based on section 3 without further request with all registered shares as shareholder with voting rights in the share register of the Surviving Company. Beneficial holders of Auris Shares held in uncertificated form in the name of Cede & Co, nominee for the Depository Trust Company, will, as a result of the Merger, hold beneficial interests in New Auris Shares held in uncertificated form in the name of Cede & Co as nominee for the Depository Trust Company. No action on the part of the shareholders of the Transferring Company who will receive the Share Consideration and the Compensation for Fractions, if any, is required in this regard.

10.4. Anmeldung an Handelsregisteramt
Filing with Commercial Register

Die Übernehmende Gesellschaft und die Übertragende Gesellschaft werden die Fusion nach erfolgter Zustimmung zum Fusionsvertrag durch die jeweilige

Generalversammlung bzw. Durchführung der FUSION durch Einreichung dieses FUSIONSVERTRAGES und der Fusionsbeschlüsse sowie der weiteren erforderlichen Dokumente beim zuständigen Handelsregisteramt zur Eintragung anmelden. Vgl. zudem Artikel 9.3.

The Surviving Company and the Transferring Company will file the Merger Agreement and the merger resolutions as well as the other required documents for registration of the Merger with the competent Commercial Register upon approval of the Merger Agreement by both general meetings and the consummation of the Merger, respectively. See also Section 9.3.

11. Verschiedenes
Further Provisions

11.1. Keine Abtretung
No Assignment

Einer PARTEI ist es ohne vorgängige schriftliche Zustimmung der jeweils anderen PARTEIEN untersagt, diesen FUSIONSVERTRAG oder Rechte oder Pflichten aus diesem FUSIONSVERTRAG ganz oder teilweise an Dritte abzutreten oder auf Dritte zu übertragen. Jegliche (versuchte) Abtretung oder Übertragung in Verletzung dieses Artikels 11.1 gilt als nichtig.

Neither Party shall assign or transfer this Merger Agreement or any of its rights or obligations hereunder, in whole or in part, to any third party without the prior written consent of the other Parties. Any (attempted) assignment or transfer in violation of this Section 11.1 shall be void.

11.2. Änderungen und Verzicht
Amendments and Waiver

Änderungen und Ergänzungen dieses FUSIONSVERTRAGES bedürfen zu ihrer Gültigkeit der Schriftform sowie des unterschriftlichen Einverständnisses aller PARTEIEN. Der Verzicht einer PARTEI auf eine Bestimmung dieses FUSIONSVERTRAGS oder Rechte gemäss diesem FUSIONSVERTRAG muss schriftlich erfolgen. Eine Änderung der Bestimmungen dieses Artikels 11.2 bedarf ihrerseits zu ihrer Gültigkeit einer schriftlichen Vereinbarung.

This Merger Agreement may only be modified or amended by a document signed by all Parties. Any waiver by a Party of any provision or of any rights under this Merger Agreement shall not be valid unless given in a document signed by such Party. Any changes to the provisions of this Section 11.2 shall also not be valid unless documented in writing.

11.3. Kosten und Steuern
Costs and Taxes

Jede Partei trägt ihre eigenen Kosten im Zusammenhang mit dem Entwurf, der Verhandlung, dem Abschluss und dem Vollzug dieses Fusionsvertrages und dem Vollzug der in diesem Fusionsvertrag vorgesehenen Transaktionen selbst.

Each Party shall bear its own costs in connection with the drafting, negotiation and the execution of this Merger Agreement and the completion of the transactions contemplated in this Merger Agreement.

Im Zusammenhang mit diesem Fusionsvertrag und im Zusammenhang mit den in diesem Fusionsvertrag vorgesehenen Transaktionen erhobene Steuern trägt der jeweilige gesetzliche Schuldner.

Taxes levied in connection with this Merger Agreement or the transactions contemplated hereunder shall be paid by the Party owing such taxes pursuant to applicable law.

11.4. Teilungültigkeit
Severability

Falls eine oder mehrere Bestimmungen dieses Fusionsvertrages aus irgendeinem Grund ungültig, widerrechtlich oder nicht vollstreckbar sein sollte(n), berührt dies die übrigen Bestimmungen dieses Fusionsvertrages nicht. In diesem Fall werden sich die Parteien auf (eine) gültige, rechtskonforme und vollstreckbare Bestimmung(en) einigen, die den Absichten der Parteien in Bezug auf die ungültige(n), widerrechtliche(n) oder nicht vollstreckbare(n) Bestimmung(en) möglichst nahe kommt (kommen), und werden die ungültige(n), widerrechtliche(n) oder nicht vollstreckbare(n) Bestimmung(en) durch diese ersetzen.

If any provision of this Merger Agreement shall be held to be invalid, illegal or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any of the other provisions of this Merger Agreement. In such a case, the Parties shall negotiate and agree on a substitute provision that best reflects the intentions of the Parties with respect to the invalid, illegal or unenforceable provision, without being invalid, illegal or unenforceable.

11.5. Beendigung
Termination

Die Parteien können bis zur Genehmigung dieses Fusionsvertrages durch die Generalversammlungen der Übertragenden Gesellschaft und der Übernehmenden Gesellschaft diesen Fusionsvertrag jederzeit durch gegenseitige Übereinkunft aufheben. Soll die Fusion nach Massgabe von Artikel 9.3 nicht vollzogen werden, gilt der Fusionsvertrag als beendet.

The Parties shall be entitled to terminate this Merger Agreement by mutual consent anytime until the approval of this Merger Agreement by the general meetings of the Transferring Company and the Surviving Company. The Merger Agreement shall be deemed terminated in the event that the Merger will not be consummated as per Section 9.3.

Dieser Fusionsvertrag wird automatisch beendet, wenn die Generalversammlung der Übernehmenden Gesellschaft oder der Übertragenden Gesellschaft diesen Fusionsvertrag nicht bis spätestens am 31. März 2018 genehmigt.

This Merger Agreement shall be automatically terminated if the general meeting of the Surviving Company or of the Transferring Company does not approve this Merger Agreement by 31 March 2018.

11.6. Anhänge
Annexes

Folgender Anhang bildet einen integrierenden Bestandteil dieses Fusionsvertrages:

Anhang 2.1: Geprüfte Fusionsbilanz der Übertragenden Gesellschaft per 30. September 2017.

The following annex shall form an integral part of this Merger Agreement:

Annex 2.1: Audited merger balance sheet of the Transferring Company as of 30 September 2017.

11.7. Anwendbares Recht und Gerichtsstandsklausel
Applicable Law and Jurisdiction

Dieser Fusionsvertrag untersteht in allen Teilen schweizerischem materiellem Recht (unter Ausschluss der Bestimmungen der Wiener Konvention über den Internationalen Warenkauf vom 11. April 1980).

This Merger Agreement shall be governed by and construed in accordance with the substantive laws of Switzerland (to the exclusion of the Vienna Convention on the International Sale of Goods dated 11 April 1980).

Für sämtliche Streitigkeiten aus oder im Zusammenhang mit diesem Fusionsvertrag sind die für die Stadt Zug, Schweiz, zuständigen Gerichte ausschliesslich zuständig.

Any dispute arising out or in connection with this Merger Agreement shall be exclusively referred to the courts competent for the City of Zug, Switzerland.

12. Gültigkeit und Inkrafttreten des Fusionsvertrages
Validity and Effectiveness of Merger Agreement

Dieser Fusionsvertrag tritt mit seiner Unterzeichnung in Kraft, untersteht jedoch den Bedingungen gemäss Artikel 9.

This Merger Agreement shall be effective upon signing, is subject, however, to the conditions of Section 9.

13. Vollzug / Vorbehalt Eintragung
Consummation / Qualification for Filing

Dieser Fusionsvertrag (und damit die Fusion) gilt als vollzogen, sobald die entsprechenden Handelsregistereintragungen erfolgt sind. Betreffend Vollzug der Fusion wird zudem auf Artikel 9.3 verwiesen.

This Merger Agreement (and with it the Merger) shall be considered to have been consummated as soon as the respective registrations in the Commercial Register have been made. See also Section 9.3 in connection with the consummation of the Merger.

14. Sprache
Language

Im Falle von Widersprüchen zwischen der deutschen und der englischen Version dieses Fusionsvertrages geht die deutsche Version vor.

In case of discrepancies between the German and the English version in this Merger Agreement, the German version shall prevail.

[UNTERSCHRIFTEN AUF DER NÄCHSTEN SEITE]

[SIGNATURES ON NEXT PAGE]

Unterschriften
Signatures

Übertragende Gesellschaft ***Transferring Company***	**Auris Medical Holding AG**
Zug, 9 February 2018	
Ort, Datum *Place, Date*	Thomas Meyer Chairman & Chief Executive Officer
Zug, 9 February 2018	
Ort, Datum *Place, Date*	Hernan Levett Chief Financial Officer
Übernehmende Gesellschaft ***Surviving Company***	**Auris Medical NewCo Holding AG**
Zug, 9 February 2018	
Ort, Datum	Thomas Meyer Chairman
Zug, 9 February 2018	
Ort, Datum *Place, Date*	Raoul Dias Authorized Signatory

Anhang 2.1 – Geprüfte Fusionsbilanz der Übertragenden Gesellschaft per 30. September 2017
Annex 2.1 – Audited Merger balance sheet of Transferring Company as of 30 September 2017

[SEPARATES DOKUMENT]

[SEPARATE DOCUMENT]

Exhibit 99.4

EXECUTION VERSION

Fusionsbericht
Merger Report

vom 9. Februar 2018
dated as of 9 February 2018

zwischen
by and between

Auris Medical Holding AG Bahnhofstrasse 21, 6300 Zug	(**AMHAG**) ***(AMHAG)***
und *and*	
Auris Medical NewCo Holding AG Bahnhofstrasse 21, 6300 Zug	(**NEWCO**) ***(NewCo)***

(AMHAG und NewCo je eine **PARTEI**, und zusammen die **PARTEIEN** oder die **FUSIONIERENDEN GESELLSCHAFTEN**)
*(AMHAG and NewCo each a **Party**, and together the **Parties** or the **Merging Companies**)*

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Präambel
Preamble

A. Die Verwaltungsräte von AMHAG und NewCo legen hiermit folgenden gemeinsamen Fusionsbericht (der **Fusionsbericht**) gemäss Art. 14 des Schweizer Fusionsgesetzes (das **FusG**) vor.

*The board of directors of AMHAG and of NewCo hereby present this joint merger report (the **Merger Report**) pursuant to art. 14 of the Swiss Merger Act (the **Merger Act**).*

B. AMHAG und NewCo haben am 9. Februar 2018 einen Fusionsvertrag betreffend die Fusion zwischen der AMHAG als übertragende Gesellschaft und der NewCo als übernehmende Gesellschaft gemäss Anhang 1 zu diesem Fusionsbericht (der **Fusionsvertrag**) unterzeichnet, wobei alle Aktiven und Passiven (Fremdkapital) der AMHAG kraft Universalsukzession auf die NewCo übergehen und die AMHAG im Anschluss an diese Übertragung – ohne Liquidation – aufgelöst und im Handelsregister gelöscht wird (die **Fusion**). Dieser Fusionsbericht erklärt weiter den Zweck und die Folgen dieser Fusion. Die ausserordentliche Generalversammlungen der AMHAG und der NewCo werden voraussichtlich am oder um den 12. März 2018 über die Fusion entscheiden.

*AMHAG and NewCo have signed a merger agreement dated 9 February 2018 regarding the merger between AMHAG as transferring entity and NewCo as surviving entity, attached hereto as Annex 1 (the **Merger Agreement**) whereby NewCo will acquire all the assets and liabilities of AMHAG by means of universal succession of title and by which AMHAG will be dissolved – without liquidation – and deleted from the Register of Commerce (the **Merger**). This Merger Report further explains the purpose and consequences of the Merger. The extraordinary general meeting of AMHAG and of NewCo are expected to resolve on the Merger on or about 12 March 2018.*

C. Der Verwaltungsrat der AMHAG und der NewCo haben je mit Beschluss vom 5. Februar 2018 den Fusionsbericht gutgeheissen.

The board of directors of AMHAG and of NewCo have each approved the Merger Report by resolution dated 5 February 2018.

1. Zweck und Folgen der Fusion
Purpose and Consequences of the Merger

1.1. Vorbemerkungen
Preliminary Remarks

AMHAG ist eine Aktiengesellschaft nach schweizerischem Recht gemäss den Art. 620 ff. des Schweizerischen Obligationenrechts (**OR**), mit Sitz in Zug (Firmennummer CHE-108.297.413). Das Aktienkapital von AMHAG beträgt CHF 24‘469‘555.60, eingeteilt in 61'173‘889 voll liberierte Namenaktien mit einem Nennwert von je CHF 0.40 (je eine **AMHAG Aktie** und zusammen die **AMHAG Aktien**).

*AMHAG is a stock corporation under Swiss law in accordance with article 620 et seq. of the Swiss Code of Obligations (**CO**), with registered seat in Zug (identification no CHE-108.297.413). The share capital of AMHAG is CHF 24,469,555.60, divided into 61,173,889 fully paid-in registered shares with a nominal value of CHF 0.40 each (each an **AMHAG Share** and together the **AMHAG Shares**).*

NewCo ist eine Aktiengesellschaft nach schweizerischem Recht gemäss den Art. 620 ff. OR, mit Sitz in Zug (Firmennummer CHE-474.294.374). Das Aktienkapital von NewCo beträgt CHF 122'347.76, eingeteilt in 6‘117‘388 voll liberierte Namenaktien mit einem Nennwert von je CHF 0.02 (je eine **Neue AMHAG Aktie** und zusammen die **Neuen AMHAG Aktien**).

*NewCo is a stock corporation under Swiss law in accordance with article 620 et seq. CO, with registered seat in Zug (identification no CHE-474.294.374). The share capital of NewCo is CHF 122,347.76, divided into 6,117,388 fully paid-in registered shares with a nominal value of CHF 0.02 each (each a **New AMHAG Share** and together the **New AMHAG Shares**).*

Die AMHAG Aktien sind am Nasdaq Capital Market (**Nasdaq**) unter dem Ticker Symbol EARS kotiert.

*The AMHAG Shares are listed on the Nasdaq Capital Market (**Nasdaq**) under ticker symbol EARS.*

Alle Aktien von NewCo werden derzeit von AMHAG gehalten.

All shares of NewCo are currently held by AMHAG.

1.2. Zweck der Fusion
Purpose of Merger

AMHAG hat am 1. März 2017 bekanntgegeben, dass NASDAQ AMHAG schriftlich darüber informierte, wonach AMHAG die Mindestangebotsregel gemäss NASDAQ Listing Rules für die Aufrechterhaltung der Kotierung am NASDAQ Capital Market nicht mehr einhält. Gemäss NASDAQ Listing Rule 5550(a)(2) müssen die Aktien einer Emittentin einen Mindestangebotspreis von USD 1.00 erfüllen. Sollte AMHAG dieses Erfordernis während einer bestimmten (verlängerbaren) Frist nicht einhalten, komme es zu einer möglichen Dekotierung der AMHAG AKTIEN. Bis zum 8. Februar 2018 konnte die Regelkonformität nicht wieder hergestellt werden. Am 7. Februar 2018, dem zweitletzten Handelstag vor dem Datum dieses Berichts, lag der Schlusskurs bei unter USD 1.00 pro AMHAG AKTIE. Um die Regelkonformität wieder herzustellen, muss der Schlusskurs der AMHAG AKTIEN für eine Dauer von 10 aufeinanderfolgenden Geschäftstagen bei mindestens USD 1.00 liegen. Bis zum 26. März 2018 muss die Regelkonformität wieder hergestellt werden. AMHAG erwartet im ersten Quartal 2018 die erste Schlüssel-Ergebnisse aus der Phase 3 Studie zu Keyzilen® (TACTT3) gegen akuten Innenohr Tinnitus. Je nach Studienausgang könnte der Schlusskurs der gehandelten AMHAG AKTIEN bei der erforderlichen Höhe von mindestens USD 1.00 liegen und die Regelkonformität wäre wieder hergestellt. Der genaue Zeitpunkt der Phase 3 Studiendaten, die Phase 3 Studiendaten als solche sowie die Auswirkungen auf den Aktienkurs sind zum jetzigen Zeitpunkt nicht voraussehbar. Vor diesem Hintergrund gründete AMHAG die NEWCO, eine zu 100% gehaltene Schweizer Tochtergesellschaft der AMHAG, mit dem Ziel, AMHAG mittels gesetzlicher Absorptionsfusion in die NEWCO zu fusionieren, wobei NEWCO die übernehmende Gesellschaft ist und ein Aktienkapital von CHF 122,347.76, eingeteilt in 6'117'388 Namenaktien mit einem Nennwert von je CHF 0.02 aufweist (es ist zu beachten, dass sich die in diesem Fusionsbericht erwähnten Beträge/Zahlen betreffend das Aktienkapital, die Anzahl Aktien sowie der Nennwert der Aktien der NewCo nach Massgabe möglicher Erhöhungen des Aktienkapitals der AMHAG als Folge von ausgeübten, durch die AMHAG ausgegebenen Optionen/Warrants ändern könnten bzw. entsprechend adjustiert werden). Für jeweils 10 AMHAG AKTIEN mit einem Nennwert von je CHF 0.40 wird 1 NEUE AMHAG AKTIE mit einem Nennwert von CHF 0.02 ausgegeben und zugeteilt, was einem Umtausch bzw. einer Zusammenlegung der Aktien im Verhältnis 10 zu 1 mittels der FUSION entspricht. Eine Zusammenlegung von Aktien führt dazu, dass der Wert der einzelnen neuen

Aktien entsprechend höher ist. Somit kann die Regelkonformität wieder hergestellt werden.

On 1 March 2017, AMHAG announced that it had received written notification from Nasdaq notifying AMHAG that it was not in compliance with the minimum bid price requirement set forth in Nasdaq Rules for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of USD 1.00 per share. If AMHAG fails to regain compliance within a certain (extendable) period of time, it may become subject to delisting. Through 8 February 2018, AMHAG has not regained compliance with such minimum bid price requirement. On 7 February 2018, two trading days before the date of this report, the closing sale price of the AMHAG Shares was below USD 1.00 per share. To regain compliance, AMHAG Shares must have a closing bid price of at least USD 1.00 for a minimum of 10 consecutive business days. AMHAG has until 26 March 2018 to regain compliance. In the first quarter of 2018, AMHAG expects to receive top-line Phase 3 results on Keyzilen® (TACTT3) for acute inner ear tinnitus. Depending on the timing and outcome of such results, the closing bid prices of AMHAG Shares may reach the necessary USD 1.00 level and compliance may be regained. However, the outcome of the top-line Phase 3 results and the effect on the share price, respectively, cannot be predicted at this stage. Therefore, AMHAG established NewCo, a wholly owned Swiss subsidiary of AMHAG, with the aim to effect a statutory reverse merger of AMHAG into NewCo, as the surviving company with a share capital of CHF 122,347.76, divided into 6,117,388 registered shares with a nominal value of CHF 0.02 each (note that the figures/numbers mentioned in the Merger Report relating to the share capital, the number of shares issued and the nominal value of the shares in NewCo remain subject to changes/adjustments to reflect possible increases in the AMHAG's share capital as a result of any exercised options/warrants issued by AMHAG). For each 10 AMHAG Shares with a nominal value of CHF 0.40 each, 1 New AMHAG Share with a nominal value of CHF 0.02 will be issued and allocated, effectively resulting in a "reverse share split" at a ratio of 10-for-1 through such Merger. A reverse share split results in an increase of price of the new share. This would allow to regain compliance with the minimum bid price requirement.

1.3. Wirtschaftliche Folgen der Fusion
Economic Consequences of the Merger

Als Folge der Fusion wird AMHAG in der NewCo aufgehen (d.h. alle Aktiven und Passiven (Fremdkapital) von AMHAG werden auf die NewCo übertragen und

AMHAG wird infolgedessen ohne Liquidation aufgelöst) und im Handelsregister des Kantons Zug gelöscht werden. Nach dem Vollzug der Fusion wird nur noch die NewCo mit Sitz in Zug bestehen.

As a result of the Merger, AMHAG will be merged into NewCo (i.e. all of AMHAG' assets and liabilities will be transferred to NewCo and AMHAG will be dissolved without liquidation thereupon) and be deregistered from the Register of Commerce of the canton of Zug. After the effectiveness of the Merger only NewCo will exist with its registered seat in Zug.

Die Fusionierenden Gesellschaften stimmen zu, dass die Fusion gestützt auf die Zwischenbilanz der AMHAG per 30. September 2017 (Anhang 2) und die Eröffnungsbilanz der NewCo vom 30. Januar 2018 (die **Bilanzen**, je eine **Bilanz**) durchgeführt wird.

*The Merging Companies agree that the Merger will be pursued in consideration of AMHAG' interim balance sheet as per 30 September 2017 (Annex 2) and NewCo's opening balance sheet as per 30 January 2018 (the **Balance Sheets**, each a **Balance Sheet**).*

NewCo wird die Aktiven in der Höhe von CHF 109,120,542 und die Passiven (Fremdkapital) in der Höhe von CHF 12,862,063 der AMHAG wie in der Bilanz der AMHAG gemäss Anhang 2 wiedergegeben, übernehmen.

NewCo will acquire all the assets of CHF 109,120,542 and the liabilities (without equity) of CHF 12,862,063 of AMHAG as reflected in AMHAG' Balance Sheet set out in Annex 2.

NewCo führt derzeit keine eigenen Geschäftsaktivitäten aus. Sie wird nach dem Vollzug der Fusion die derzeitigen Geschäftsaktivitäten von AMHAG unverändert fortführen.

NewCo currently doesn't have any own business activities. It will continue to perform the current business activities of AMHAG without any change upon effectiveness of the Merger.

1.4. Rechtliche Folgen der Fusion
Legal consequences of the Merger

1.4.1. Gesellschaftsrechtliche Folgen
Consequences under company law

AMHAG und NewCo haben vereinbart, eine Absorptionsfusion durchzuführen, wobei die Aktiven und Passiven (Fremdkapital) von AMHAG kraft Universalsukzession, wie in Art. 3 Abs. 1 lit. a FusG vorgesehen, per Vollzugsdatum der Fusion auf NewCo übergehen. AMHAG wird ohne Liquidation anschliessend im Handelsregister des Kantons Zug gelöscht werden.

AMHAG and NewCo have agreed to a merger by absorption, in which all assets and liabilities of AMHAG will be transferred with effect as per the effectiveness of the Merger to NewCo by means of universal succession of title, as set forth in article 3 (1) (a) Merger Act. AMHAG will be dissolved without liquidation and subsequently deregistered from the Register of Commerce of the canton of Zug.

1.4.2. Aktien
Shares

Als Folge der Fusion erlöschen die AMHAG Aktien. Die Aktionäre der AMHAG erhalten im Gegenzug die anlässlich der Fusion erworbenen eigenen Neuen AMHAG Aktien im Verhältnis 10 AMHAG Aktien für 1 Neue AMHAG Aktie zugeteilt (Details dazu unten unter Ziffer 3).

Upon effectiveness of the Merger, the AMHAG Shares will be cancelled. The shareholders of AMHAG receive in exchange all New AMHAG Shares acquired by NewCo in the course of the Merger. The exchange ratio is 10 AMHAG Shares for 1 New AMHAG Share (as further specified in section 3 below).

Den Aktionären der AMHAG sollen infolge der Fusion keine Ausgleichzahlungen für die AMHAG Aktien überwiesen werden.

No cash consideration will be paid to the shareholders of AMHAG for the AMHAG Shares as a result of the Merger.

1.4.3. Statuten
Articles of Association

Die Statuten von NewCo werden im Zusammenhang mit dem Vollzug des Fusionsvertrages wie folgt geändert:

In connection with the completion of the transaction contemplated in the Merger Agreement, the articles of association of NewCo will be amended as follows:

> Die Firma von NewCo wird in „Auris Medical Holding AG (Auris Médical Holding SA) (Auris Medical Holding Ltd.)“ geändert und der Titel sowie Art. 1 der Statuten von NewCo entsprechend angepasst.
>
> *As a result of the Merger NewCo will change its company name to “Auris Medical Holding AG (Auris Médical Holding SA) (Auris Medical Holding Ltd.)” and the title and article 1 of the articles of association of NewCo will be amended accordingly.*

1.4.4. Verwaltungsrat
Board of Directors

Per Vollzug der Fusion soll sich der Verwaltungsrat von NewCo unverändert zusammensetzen.

As per completion of the Merger, the composition of the board of directors of NewCo shall remain unchanged.

1.5. Steuerliche Folgen der Fusion
Fiscal consequences of the Merger

1.5.1. Gewinnsteuer
Corporate Income Tax

Die Fusion sollte keine Gewinnsteuerfolgen auslösen.

The Merger should be tax-neutral for Swiss corporate income tax purposes.

1.5.2. Verrechnungssteuer
Withholding Tax

Die Fusion sollte keine schweizerischen Verrechnungssteuerfolgen für die Fusionierenden Gesellschaften auslösen.

The Merger should not entail any Swiss withholding tax consequences for the Merging Companies.

1.5.3. Emission- und Umsatzabgabe
Issuance and Transfer Stamp Tax

Die Fusion sollte keine Emissions- und/oder Umsatzabgabefolgen auslösen.

The Merger should have no Swiss issuance and/or transfer stamp tax consequences.

1.5.4. Mehrwertsteuer
Value Added Tax

Auf Grund der Art der Vermögenswerte löst die Fusion keine schweizerischen Mehrwertsteuerfolgen aus.

The Merger is not subject to Swiss VAT due to the nature of the assets.

1.6. Technische Abwicklung
Technical Implementation

Der Verwaltungsrat von AMHAG und NewCo haben einen Fusionsvertrag abgeschlossen. Der Fusionsvertrag, der Fusionsbericht, die Bilanzen, der Prüfungsbericht der Treureva AG, Schweiz, welche als unabhängige Revisorin einen Bericht über den Fusionsbericht und den Fusionsvertrag gemäss Artikel 15 FusG abgibt, die Jahresrechnungen und Jahresberichte über die letzten drei Geschäftsjahre der AMHAG, können am Sitz von AMHAG und von NewCo eingesehen werden.

The board of directors of AMHAG and of NewCo have signed the Merger Agreement. The Merger Agreement, the Merger Report, the Balance Sheets, the report from Treureva Ltd, Switzerland, acting as independent auditor to issue a report on the Merger Report and the Merger Agreement pursuant to article 15

Merger Act, the annual accounts and the annual reports of AMHAG for the last three business years, are available for inspection at the registered seat of AMHAG and NewCo.

Die Fusion bedarf der Zustimmung der Generalversammlungen von AMHAG und von NewCo.

The Merger requires approval by the general meetings of AMHAG and NewCo.

Die Fusion wird gemäss Artikel 22 FusG am Datum der effektiven Eintragung der Beschlüsse der Generalversammlung von AMHAG beziehungsweise von NewCo beim Handelsregister des Kantons Zug wirksam (*inter partes* und gegenüber Dritten). Die Fusion steht unter dem Vorbehalt der Einreichung der erforderlichen Anmeldung beim Handelsregisteramt.

The Merger will be effective (inter partes and vis-à-vis third parties) on the date of effective registration of the resolutions of the general meeting of AMHAG and of NewCo, respectively in the Register of Commerce of the canton of Zug, in accordance with article 22 Merger Act. The Merger is subject to the filing of the relevant application with the Register of Commerce.

AMHAG wird ohne Liquidation im Handelsregister gelöscht werden.

AMHAG will be deleted from the Register of Commerce without liquidation.

Der Umtausch der AMHAG Aktien für die Neuen AMHAG Aktien erfolgt gemäss Ziffer 3.

The exchange of the AMHAG Shares for the New AMHAG Shares will take place as further set forth in section 3.

2. Fusionsvertrag
Merger Agreement

Der Verwaltungsrat von AMHAG und von NewCo haben am 9. Februar 2018 einen Fusionsvertrag abgeschlossen. Untenstehend sind die wesentlichen Bedingungen des Fusionsvertrages aufgelistet:

The board of directors of AMHAG and of NewCo have signed the Merger Agreement dated 9 February 2018. Below are some relevant material terms of the Merger Agreement as follows:

– NewCo übernimmt AMHAG;

AMHAG merges into NewCo;

– NewCo übernimmt alle Aktiven und Passiven (Fremdkapital) von AMHAG wie in der Bilanz von AMHAG per 30. September 2017 wiedergegeben;

NewCo takes over all assets and liabilities of AMHAG as reflected in AMHAG's Balance Sheet as per 30 September 2017;

– aufgrund der Fusion erhalten die Aktionäre von AMHAG für jeweils 10 von ihnen gehaltene AMHAG Aktien, welche mit der Fusion erlöschen, 1 Neue AMHAG Aktie;

as a result of the Merger, the shareholders of AMHAG receive, in exchange for 10 AMHAG Shares, which will cease to exist in consequence of the Merger, 1 New AMHAG Share;

– wenn Aktionäre von AMHAG aufgrund des Umtauschverhältnisses einen Anspruch auf einen Bruchteil einer Neuen AMHAG Aktie haben, erhalten sie 1 ganze Neue AMHAG Aktie für diesen Bruchteil (der **Spitzenausgleich**);

*if, based on the exchange ratio, shareholders of AMHAG are entitled to a fraction of a New AMHAG Share, they shall receive 1 New AMHAG Share for such fraction (the **Compensation for Fractions**);*

– da die Aktionäre von AMHAG die von NewCo anlässlich der Fusion erworbenen eigenen NewCo Aktien erhalten, findet keine Kapitalerhöhung statt;

there will be no capital increase as the shareholders of AMHAG will receive all NewCo Shares acquired by NewCo in the course of the Merger;

– die Aktionäre von AMHAG sind in Bezug auf die Neuen AMHAG Aktien, die sie im Zusammenhang mit der Fusion erhalten, ab dem Datum ihres Eintrags im Aktionärsregister der NewCo dividendenberechtigt;

the AMHAG shareholders shall be entitled to dividends in relation to the New AMHAG Shares from the date they are registered in the shareholders' ledger of NewCo;

– als Folge der Fusion wird AMHAG aufgelöst und aus dem Handelsregister des Kantons Zug gelöscht.

as a consequence of the Merger, AMHAG will cease to exist and will be deregistered from the Register of Commerce of the canton of Zug.

3. Umtauschverhältnis
Exchange Ratio

Jedem Aktionär von AMHAG wird für jeweils 10 AMHAG Aktien mit einem Nennwert von je CHF 0.40 1 Neue AMHAG Aktie mit einem Nennwert von CHF 0.02 ausgegeben und zugeteilt, was einem Umtauschverhältnis von 10:1 entspricht (die **Aktienzuteilung**).

*Each shareholder of AMHAG shall be allocated 1 New AMHAG Share with a nominal value of CHF 0.02 for 10 AMHAG Shares with a nominal value of CHF 0.40 each, corresponding to an exchange ratio of 10:1 (the **Share Consideration**).*

Es werden im Rahmen des Umtausches nur ganze Neue AMHAG Aktien übertragen. Wenn Aktionäre von AMHAG aufgrund des Umtauschverhältnisses einen Anspruch auf einen Bruchteil einer Neuen AMHAG Aktie haben, erhalten sie 1 ganze Neue AMHAG Aktie für diesen Bruchteil.

The Share Consideration shall not include any fractions of AMHAG Shares. If, based on the exchange ratio, shareholders of AMHAG are entitled to a fraction of a New AMHAG Share, they shall receive 1 whole New AMHAG Share for such fraction.

Die Aktien, die im Zusammenhang mit dem Umtausch für die Zuteilung einer ganzen Anzahl von Neuen AMHAG Aktien an alle Aktionäre und für die Vermeidung einer Verteilung von Bruchteilen notwendig sind, werden den entsprechenden Aktionären aus dem von Thomas Meyer, CEO und Gründer von AMHAG, gehaltenen Anteil an Neuen AMHAG Aktien ohne Gegenleistung zur Verfügung gestellt werden.

The number of shares required in connection with the exchange to enable the allocation of a full number of New AMHAG Shares, and to avoid allocation of fractions, will be transferred to the respective shareholders from the New AMHAG Shares held by Thomas Meyer, CEO and founder of AMHAG, for no consideration.

4. Keine Ausgleichszahlung
No Cash Compensation

Den Aktionären von AMHAG wird infolge der Fusion keine Ausgleichszahlung in bar gewährt.

The shareholders of AMHAG do not receive any cash compensation in connection with the Merger.

5. Besonderheiten bei der Bewertung der Aktien
Specifics in the Valuation of the Shares

Da die Aktionäre von AMHAG im Rahmen der Fusion sämtliche Aktien von NewCo erhalten, konnte vorliegend auf eine Bewertung der AMHAG Aktien und der Neuen AMHAG Aktien verzichtet werden, und entsprechend wurden auch keine Besonderheiten im Sinne von Art. 14 Abs. 3 lit. e FusG berücksichtigt.

Because the shareholders of AMHAG receive all shares of NewCo in the scope of the Merger there was no need for a valuation of the AMHAG Shares or the New AMHAG Shares and, accordingly, no specifics were considered according to article 14 (3) (e) Merger Act.

6. Allfällige Pflichten der Gesellschafter
Potential Duties of the members

Bei der vorliegenden Fusion müssen keine Pflichten im Sinne von Art. 14 Abs. 3 lit. g FusG berücksichtigt werden.

In connection with the present Merger no duties in connection with article 14 (3) (g) Merger Act are to be considered.

7. Auswirkungen auf die Arbeitnehmer
Consequences for the Employees

Weder AMHAG noch NewCo verfügen über Arbeitnehmer. Es konnte daher auf eine Konsultation der Arbeitnehmer verzichtet werden.

Neither AMHAG nor NewCo have employees. The employees' consultation could therefore be waived.

8. Auswirkungen auf die Gläubiger
Consequences for the Creditors

Den Gläubigern der Fusionierenden Gesellschaften steht das Recht auf Sicherstellung ihrer Forderungen zu, soweit ihre Forderungen durch die Fusion gefährdet werden.

The creditors of the Merging Companies have the right to have their claims secured to the extent their claims will be jeopardized by the Merger.

Die Forderungen der Gläubiger der fusionierenden Gesellschaften werden nach Ansicht des Verwaltungsrats von AMHAG und NewCo durch die Fusion nicht gefährdet.

The claims of the creditors of the Merging Companies are in view of the board of directors of AMHAG and of NewCo, however, not jeopardized by the present Merger.

Unmittelbar nach Anmeldung der Fusion im Handelsregister des Kantons Zug werden drei Schuldenrufe an verschiedenen Tagen im Schweizer Handelsamtsblatt durchgeführt, ausser ein zugelassener Revisionsexperte bestätigt schriftlich, dass keine Forderungen bekannt oder zu erwarten sind, zu deren Befriedigung das freie Vermögen der Fusionierenden Gesellschaften nicht ausreicht (Art. 25 Abs. 1 und 2 FusG).

Immediately after the registration of the Merger in the Register of Commerce of the canton of Zug a creditor's call will be published three times, at different *days, in the Swiss Official Gazette of Commerce, unless a specially licensed audit expert confirms in writing that no claims are known or to be expected that could not be satisfied through the disposable assets of the Merging Companies (article 25 (1) and (2) Merger Act).*

9. Hinweis auf behördliche Bewilligungen
Information about Regulatory Authorisations

Die geplante Fusion muss in keinem Land von den Wettbewerbs- und/oder Aufsichtsbehörden genehmigt werden.

The intended Merger does not have to be approved by the competition and/or supervising authorities in any jurisdiction.

10. Anhänge
Annexes

Folgende Anhänge bilden einen integrierenden Bestandteil dieses Fusionsberichts:

– Anhang 1: Fusionsvertrag vom 9. Februar 2018 zwischen AMHAG und NewCo.

– Anhang 2: Geprüfte Fusionsbilanz von AMHAG per 30 September 2017.

The following annexes shall form an integral part of this Merger Report:

– *Annex 1: Merger agreement between AMHAG and NewCo dated 9 February 2018.*

– *Annex 2: Audited merger balance sheet of AMHAG as of 30 September 2017.*

11. Sprache
Language

Im Falle von Widersprüchen zwischen der deutschen und der englischen Version dieses Fusionsberichts geht die deutsche Version vor.

In case of discrepancies between the German and the English version in this Merger Report, the German version shall prevail.

[UNTERSCHRIFTEN AUF DER NÄCHSTEN SEITE]

[SIGNATURES ON NEXT PAGE]

Unterschriften
Signatures

Übertragende Gesellschaft	**Auris Medical Holding AG** ***Transferring Company***
Zug, 9 February 2018	
Ort, Datum *Place, Date*	Thomas Meyer Chairman & Chief Executive Officer
Zug, 9 February 2018	
Ort, Datum *Place, Date*	Hernan Levett Chief Financial Officer
Übernehmende Gesellschaft	**Auris Medical NewCo Holding AG** ***Surviving Company***
Zug, 9 February 2018	
Ort, Datum	Thomas Meyer Chairman
Zug, 9 February 2018	
Ort, Datum *Place, Date*	Raoul Dias Authorized Signatory

Anhang 1 – Fusionsvertrag zwischen AMHAG und NewCo vom 9. Februar 2018
Annex 1 – Merger Agreement between AMHAG and NewCo dated 9 February 2017

[SEPARATES DOKUMENT]

[SEPARATE DOCUMENT]

Anhang 2 – Geprüfte Fusionsbilanz von AMHAG per 30. September 2017
Annex 2 – Audited Merger balance sheet of AMHAG as of 30 September 2017

[SEPARATES DOKUMENT]

[SEPARATE DOCUMENT]

Treureva

Tax
Assurance
Advisory
Forensic

Zurich, February 9, 2018

Report of the jointly appointed auditor
to the Board of Directors of
Auris Medical NewCo Holding AG, Zug
and
Auris Medical Holding AG, Zug

Auris Medical Holding AG (subsequently referenced as AMHAG) and Auris Medical NewCo Holding AG (subsequently referenced as NewCo) concluded a merger agreement on February 9, 2018 which stipulates the merger of the two companies, whereby NewCo absorbs AMHAG retroactively as of January 29, 2018 by the way of a merger pursuant to Article 3(1)(a) of the Swiss Federal Merger Act (SFMA). The merger is subject to the approval of the general meetings of the two companies, which are scheduled for March 12, 2018, as well as any other conditions stipulated in the merger agreement. The merger becomes legally effective upon entry in the Commercial Register.

In accordance with Article 15(1) SFMA, the Board of Directors of NewCo and AMHAG have jointly appointed us as merger auditor.

Responsibility of the Board of Directors

The Boards of Directors of the companies participating in the merger are responsible for the preparation and content of the merger agreement dated February 9, 2018, the merger report dated February 9, 2018 and the balance sheets on which the merger is based (interim balance sheet of AMHAG as at September 30, 2017, opening balance sheet of NewCo as at January 30, 2018) and their compliance with legal regulations.

Responsibility of the joint auditor

Our responsibility is to express an opinion based on our audit of the valuation-relevant aspects on the merger agreement, the merger report and the balance sheets on which the merger is based on in respect of Article 15(4) SFMA. We conducted our audit in conformity with Swiss Auditing Standard No. 30 *Audits in accordance with the Federal Merger Act*. Based on this Standard, we must comply with the professional conduct requirements and plan and perform the audit to obtain reasonable assurance as to whether the subjects of the audit are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the subjects mentioned above. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the subjects, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

With reference to Article 15(4) of the SFMA, we conclude as follows:

- No capital increase takes place as the shareholders of AMHAG will receive the NewCo shares in exchange for their shares of AMHAG.
- The specified conversion ratio is justifiable.
- The Boards of Directors of NewCo and AMHAG have justifiably refrained from valuing the respective shares, as the stockholders of AMHAG receive all NewCo shares in the course of the merger.
- The valuation of the shares to determine the conversion ratio did not require any special considerations to be considered.

Treureva Ltd.

Michael Boller	Michael Warda
Certified Audit Expert	Certified Auditor

Enclosures (to the original of the report):

– Merger agreement of February 9, 2018

– Merger report of February 9, 2018

– The balance sheets on which the merger is based (audited interim balance sheet AMHAG as at September 30, 2017, opening balance sheet NewCo as at January 30, 2018)

AURIS MEDICAL HOLDING AG, ZUG

Interim Balance Sheet for the Period Ended September 30, 2017 and Report of the Independent Auditor

Deloitte.

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Report of the independent auditor

To the Board of Directors of
Auris Medical Holding AG, Zug

We have been appointed by the Board of Directors to examine the accompanying interim balance sheet of of Auris Medical Holding AG (the "Company") as of September 30, 2017. The interim balance sheet of the Company was prepared in accordance with Swiss Merger Act ("Fusionsgesetz" - FusG); article 11, para. 2 and the accounting, presentation and valuation principles stated in Swiss law applicable for annual financial statements.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the interim balance sheet in accordance with the requirements of article 11, para. 2 FusG and the accounting, presentation and valuation principles in accordance with Swiss law applicable for annual financial statements. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of the interim balance sheet that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on this interim balance sheet based on our examination. We conducted our examination in accordance with the Swiss audit guidance in the context of merger, splits, and conversions ("Schweizer Prüfungshinweis 30: Prüfungen nach dem Bundesgesetz über die Fusion, Spaltung, Umwandlung and Vermögensübertragung" - PH 30). This guidance requires that we comply with the ethical requirements, and that we plan and perform the examination to obtain limited assurance whether the interim balance sheet was prepared in accordance with article 11, para. 2 FusG and the accounting, presentation and valuation principles stated in Swiss law applicable for annual financial statements.

Our examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion
Based on our examination, nothing has come to our attention that causes us to believe that the interim balance sheet is not prepared in accordance with article 11, para. 2 FusG and the accounting, presentation and valuation principles stated in Swiss law applicable for annual financial statements.

Deloitte AG

Matthias Gschwend	Adrian Kaeppeli
Licensed Audit Expert	Licensed Audit Expert

Zurich, January 29, 2018
MGS/AKA/RMA

Enclosures
- Interim balance sheet as at September 30, 2017

AURIS MEDICAL HOLDING AG, ZUG
INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017

	30.09.2017 in CHF	*31.12.2016 in CHF*
ASSETS		
Current assets	**19,103,455**	**31,790,535**
Cash and cash equivalents	***19,016,421***	***31,556,105***
Other short-term receivables	***87,034***	***79,295***
Trade receivables third parties	*84,069*	*79,295*
Trade receivables group	*2,965*	—
Prepaid expenses	**—**	***155,135***
Non-current assets	**90,017,087**	**73,073,814**
Other long-term receivables	***79,916,930***	***62,973,657***
Intercompany loans, subordinated	*79,916,930*	*62,973,657*
Investments in subsidiaries	***10,100,157***	***10,100,157***
TOTAL ASSETS	***109,120,542***	***104,864,349***
LIABILITIES AND EQUITY		
Current liabilities	**5,499,526**	**3,588,505**
Short-term payables	***709,011***	***739,109***
Trade payables third parties	*49,225*	*156,872*
Trade payables group	*659,786*	*582,237*
Other short-term payables	***4,408,543***	***2,613,159***
Loan	*4,406,208*	*2,590,857*
Other payables	*2,335*	*22,302*
Accrued expenses	***381,971***	***236,237***
Non-Current liabilities	**7,362,537**	**10,886,981**
Loan	***6,666,787***	***10,154,143***
Provision	***695,750***	***732,838***
Equity	**96,258,480**	**90,388,863**
Share capital	***17,731,881***	***13,731,881***
Legal capital reserves	***120,570,367***	***114,879,634***
Reserves from capital contribution	114,671,822	114,671,822
Other capital reserve	5,898,545	207,812
Accumulated deficit	**-42,043,769**	**-38,222,652**
Loss for the year	-3,490,826	-3,393,256
Loss carryforward	-38,552,943	-34,829,396
TOTAL LIABILITIES AND EQUITY	***109,120,542***	***104,864,349***

AURIS MEDICAL NEWCO HOLDING AG
OPENING BALANCE SHEET

	30.01.2018 in CHF	*31.12.2016 in CHF*
ASSETS		
Current assets	122,347.76	—
Cash and cash equivalents	*122,347.76*	
Other short-term receivables	—	—
Trade receivables third parties		
Trade receivables group		
Prepaid expenses	—	
Non-current assets	—	—
Other long-term receivables	—	—
Intercompany loans, subordinated		
Investments in subsidiaries		
TOTAL ASSETS	*122,347.76*	—
LIABILITIES AND EQUITY		
Current liabilities	—	—
Short-term payables	—	—
Trade payables third parties		
Trade payables group		
Other short-term payables	—	—
Loan		
Other payables		
Accrued expenses		
Non-Current liabilities	—	—
Loan		
Provision		
Equity	122,347.76	—
Share capital	*122,347.76*	
Legal capital reserves	—	—
Reserves from capital contribution		
Other capital reserve		
Accumulated deficit	—	—
Loss for the year		
Loss carryforward		
TOTAL LIABILITIES AND EQUITY	*122,347.76*	—

Index to Consolidated Financial Statements

Audited Consolidated Financial Statements—Auris Medical Holding AG (formerly Auris Medical AG)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015, and 2014

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Auris Medical Holding AG

We have audited the accompanying consolidated statements of financial position of Auris Medical Holding AG and its subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of profit or loss and other comprehensive loss, changes in equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Auris Medical Holding AG and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations, and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Deloitte AG

/s/ Matthias Gschwend Auditor in Charge	/s/ Adrian Kaeppeli

Zurich, Switzerland
March 10, 2017

AURIS MEDICAL HOLDING AG

Consolidated Statement of Profit or Loss and Other Comprehensive Loss
For the Years Ended December 31, 2016, 2015 and 2014
(in CHF)

	Note	2016	2015	2014
Research and development	16	(24,776,763)	(26,536,176)	(17,704,461)
General and administrative	17	(5,446,512)	(4,341,570)	(4,489,051)
Operating loss		**(30,223,275)**	**(30,877,746)**	**(22,193,512)**
Interest income	19	67,565	36,562	52,133
Interest expense	19	(828,547)	(7,985)	(55,810)
Foreign currency exchange gain/(loss), net	19	(100,097)	1,144,106	4,012,174
Revaluation gain from derivative financial instruments	19, 24	291,048	–	–
Loss before tax		**(30,793,306)**	**(29,705,063)**	**(18,185,015)**
Income tax gain	20	131,055	–	–
Net loss attributable to owners of the Company		**(30,662,251)**	**(29,705,063)**	**(18,185,015)**
Other comprehensive loss:				
Items that will never be reclassified to profit or loss				
Remeasurements of defined benefit liability, net of taxes of CHF 0	18	(394,102)	(53,916)	(1,101,468)
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences, net of taxes of CHF 0		(19,723)	(12,712)	(105,104)
Other comprehensive loss, net of taxes of CHF 0		**(413,825)**	**(66,628)**	**(1,206,572)**
Total comprehensive loss attributable to owners of the Company		**(31,076,076)**	**(29,771,691)**	**(19,391,587)**
Basic and diluted loss per share	21	(0.89)	(0.92)	(0.66)

The accompanying notes form an integral part of these consolidated financial statements.

AURIS MEDICAL HOLDING AG

Consolidated Statement of Financial Position
As of December 31, 2016 and 2015
(in CHF)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Property and equipment	7	369,294	222,570
Intangible assets	8	1,482,520	1,482,520
Other non-current receivables		114,778	38,066
Total non-current assets		**1,966,592**	**1,743,156**
Current assets			
Other receivables	9	296,531	650,716
Prepayments	10	952,595	181,044
Cash and cash equivalents	11	32,442,222	50,237,300
Total current assets		**33,691,348**	**51,069,060**
Total assets		**35,657,940**	**52,812,216**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	13,731,881	13,721,556
Share premium		112,838,815	112,662,910
Foreign currency translation reserve		(83,544)	(63,821)
Accumulated deficit		(112,344,303)	(81,578,733)
Total shareholders' equity attributable to owners of the Company		**14,142,849**	**44,741,912**
Non-current liabilities			
Loan	24	10,151,498	–
Derivative financial instruments	24	117,132	–
Employee benefits	18	2,092,434	1,575,833
Deferred tax liabilities	20	196,582	327,637
Total non-current liabilities		**12,557,646**	**1,903,470**
Current liabilities			
Loan	24	2,212,706	–
Trade and other payables	14	1,837,997	1,205,522
Accrued expenses	15	4,906,742	4,961,312
Total current liabilities		**8,957,445**	**6,166,834**
Total liabilities		**21,515,091**	**8,070,304**
Total equity and liabilities		**35,657,940**	**52,812,216**

The accompanying notes form an integral part of these consolidated financial statements.

AURIS MEDICAL HOLDING AG

Consolidated Statement of Changes in Equity
As of December 31, 2016, 2015 and 2014
(in CHF)

	Note	Share Capital	Share Premium	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
As of January 1, 2014		**6,487,130**	**35,608,210**	**53,995**	**(33,115,689)**	**9,033,646**
Total comprehensive loss						
Net loss		–	–	–	(18,185,015)	(18,185,015)
Other comprehensive loss		–	–	(105,104)	(1,101,468)	(1,206,572)
Total comprehensive loss		**–**	**–**	**(105,104)**	**(19,286,483)**	**(19,391,587)**
Transactions with owners of the Company						
Issue of ordinary shares associated with Initial Public Offering ("IPO")		4,045,294	47,261,446	–	–	51,306,740
Issuance costs associated with IPO		–	(1,815,056)	–	–	(1,815,056)
Conversion of convertible loan		1,043,180	12,717,655	–	–	13,760,835
Share issuance costs		–	(136,697)	–	–	(136,697)
Share based payments		–	–	–	270,747	270,747
Share options exercised		28,552	225,613	–	–	254,165
Balance at December 31, 2014		**11,604,156**	**93,861,171**	**(51,109)**	**(52,131,426)**	**53,282,793**
As of January 1, 2015		**11,604,156**	**93,861,171**	**(51,109)**	**(52,131,426)**	**53,282,793**
Total comprehensive loss						
Net loss		–	–	–	(29,705,063)	(29,705,063)
Other comprehensive loss		–	–	(12,712)	(53,916)	(66,628)
Total comprehensive loss		**–**	**–**	**(12,712)**	**(29,758,979)**	**(29,771,691)**
Transactions with owners of the Company						
Capital increase from follow-on offering		2,110,000	19,604,877	–	–	21,714,877
Transaction costs	12	–	(643,796)	–	–	(643,796)
Share issuance costs		–	(211,142)	–	–	(211,142)
Share based payments	13	–	–	–	311,671	311,671
Share options exercised	13	7,400	51,800	–	–	59,200
Balance at December 31, 2015		**13,721,556**	**112,662,910**	**(63,821)**	**(81,578,733)**	**44,741,912**
As of January 1, 2016		**13,721,556**	**112,662,910**	**(63,821)**	**(81,578,733)**	**44,741,912**
Total comprehensive loss						
Net loss		–	–	–	(30,662,251)	(30,662,251)
Other comprehensive loss		–	–	(19,723)	(394,102)	(413,825)
Total comprehensive loss		–	–	**(19,723)**	**(31,056,353)**	**(31,076,076)**
Transactions with owners of the Company						
Issue of bonus shares	13	10,325	177,767	–	–	188,092
Share issuance costs	13	–	(1,862)	–	–	(1,862)
Share based payments	13	–	–	–	290,783	290,783
Balance at December 31, 2016		**13,731,881**	**112,838,815**	**(83,544)**	**(112,344,303)**	**14,142,849**

The accompanying notes form an integral part of these consolidated financial statements.

AURIS MEDICAL HOLDING AG

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2016, 2015, and 2014
(in CHF)

	Note	2016	2015	2014
Cash flows from operating activities				
Net loss		**(30,662,251)**	**(29,705,063)**	**(18,185,015)**
Adjustments for:				
Depreciation	16, 17	97,600	92,777	73,984
Unrealized foreign currency exchange (gain)/loss, net		99,091	(1,167,227)	(4,066,452)
Net interest expense/(income)	19	748,840	(36,390)	(2,498)
Share based payments	13	290,783	311,671	270,747
Employee benefits		122,501	111,321	(19,211)
Fair value derivative financial instruments	24	(291,048)	–	–
Income tax gain	20	(131,055)	–	–
		(29,725,539)	**(30,392,911)**	**(21,928,445)**
Changes in:				
Other receivables		277,483	(146,244)	(17,634)
Prepayments		(771,551)	84,126	(82,033)
Trade and other payables		632,474	(2,028,862)	2,279,626
Accrued expenses		133,522	3,756,744	432,449
Net cash used in operating activities		**(29,453,611)**	**(28,727,147)**	**(19,316,037)**
Cash flows from investing activities				
Purchase of property and equipment	7	(244,324)	(79,920)	(113,496)
Purchase of intangibles	8	–	–	(1,125,000)
Interest received	19	67,553	36,562	52,133
Net cash from/(used in) investing activities		**(176,771)**	**(43,358)**	**(1,186,363)**
Cash flows from financing activities				
Proceeds from exercise of options	12	–	59,200	254,165
Share issuance costs	12	(1,862)	(211,142)	(136,697)
Proceeds from issue of loan with warrant	24	11,986,671	–	–
Proceeds from follow-on offering, net of underwriting fees and follow-on offering costs	12	–	21,071,081	–
Proceeds from IPO, net of underwriting fees and IPO costs		–	–	50,037,847
Share issuance costs IPO		–	–	(546,163)
Interest paid	19, 24	(546,170)	(172)	–
Net cash from financing activities		**11,438,639**	**20,918,967**	**49,609,152**
Net (decrease)/increase in cash and cash equivalents		**(18,191,743)**	**(7,851,538)**	**29,106,752**
Cash and cash equivalents at beginning of the period		50,237,300	56,934,325	23,865,842
Net effect of currency translation on cash		396,665	1,154,513	3,961,731
Cash and cash equivalents at end of the period		**32,442,222**	**50,237,300**	**56,934,325**

The accompanying notes form an integral part of these consolidated financial statements.

AURIS MEDICAL HOLDING AG

1. Reporting entity

Auris Medical Holding AG (the "Company") is a corporation (*Aktiengesellschaft*) organized in accordance with Swiss law and domiciled in Switzerland. The Company's registered address is Bahnhofstrasse 21, 6300 Zug. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Company is the ultimate parent of the following Group entities:

- Auris Medical AG, Basel, Switzerland (100%) with a nominal share capital of CHF 2,500,000
- Otolanum AG, Zug, Switzerland (100%) with a nominal share capital of CHF 100,000
- Auris Medical Inc., Chicago, United States (100%) with a nominal share capital of USD 15,000
- Auris Medical Ltd., Dublin, Ireland (100%) with a nominal share capital of EUR 100

On April 22, 2014, we changed our name from Auris Medical AG to Auris Medical Holding AG. On May 21, 2014 the domicile of Auris Medical Holding AG was transferred from Basel to Zug.

The Group is primarily involved in the development of pharmaceutical products for the treatment of inner ear and vestibular disorders, in particular tinnitus and hearing loss. Its most advanced projects are in the late stage of clinical development.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements were approved by the Board of Directors of the Company on March 10, 2017.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the revaluation to fair value of certain financial assets. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Functional and reporting currency

These consolidated financial statements are presented in Swiss Francs ("CHF"), which is the Company's functional ("functional currency") and the Group's reporting currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are described below.

Income taxes

As disclosed in Note 20 the Group has significant tax losses in Switzerland. These tax losses represent potential value to the Group to the extent that the Group is able to create taxable profits in Switzerland prior to expiry of such losses. Tax losses may be used within 7 years from the year the losses arose.

The Group also has tax losses in the United States which may be used within 20 years of the end of the year in which losses arose, or for a shorter time period in accordance with prevailing state law.

Other than a tax asset in the amount of CHF 207,445, the Group has not recorded any deferred tax assets in relation to these tax losses. The key factors which have influenced management in arriving at this evaluation are the fact that the business is still in a development phase and the Group has not yet a history of making profits. Should management's assessment of the likelihood of future taxable profits change, a deferred tax asset will be recorded. Income tax gain reflects the reassessment of deferred tax assets and liabilities booked in the 2014 and 2015 fiscal years.

Development expenditures

The project stage forms the basis for the decision as to whether costs incurred for the Group's development projects can be capitalized. Generally clinical development expenditures are not capitalized until the Group obtains regulatory approval (i.e. approval to commercially use the product), as this is considered to be essentially the first point in time where it becomes probable that future revenues can be generated. Given the current stage of the Group's development projects, no development expenditures have yet been capitalized. The Group has capitalized certain milestone payments with regard to license payments.

As of each reporting date, the Group estimates the level of service performed by the vendors and the associated costs incurred for the services performed. As part of the process of preparing the Group's financial statements, the Group is required to estimate its accrued expenses. This process involves reviewing contracts, identifying services that have been performed on the Group's behalf and estimating the level of service performed and the associated cost incurred for the service when it has not yet been invoiced or otherwise notified of the actual cost.

Employee benefits

The Group maintains a pension plan for all employees in Switzerland through payments to a legally independent collective foundation. This pension plan qualifies under IFRS as defined benefit pension plan.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The Company makes relevant actuarial assumptions with regard to the discount rate, future salary increases and life expectancy.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

All inter-company balances, transactions and unrealized gains on transactions have been eliminated in consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Chief Executive Officer is determined to be the Group's Chief Operating Decision Maker ("CODM"). The CODM assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are focusing on the development of pharmaceutical products for the treatment of inner ear and vestibular disorders. Financial information is only available for the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of IFRS 8, Operating Segments.

Foreign currency

Foreign currency transactions

Items included in the financial statements of Group entities are measured using the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not re-translated.

Foreign operations

Assets and liabilities of Group entities whose functional currency is other than CHF are included in the consolidation by translating the assets and liabilities into the reporting currency at the exchange rates applicable at the end of the reporting period. Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction).

These foreign currency translation differences are recognized in Other Comprehensive Loss and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Closing rates for the most significant foreign currencies:

Currency		Geographical area	Reporting entities	December 31, 2016	December 31, 2015	December 31, 2014
CHF	Swiss Franc	Switzerland	3	1.0000	1.0000	1.0000
USD	Dollar	United States	1	1.0196	1.0014	0.9895
EUR	Euro	Europe	1	1.0723	1.0875	1.2027

Average exchange rates for the year for the most significant foreign currencies:

Currency		Geographical area	Reporting entities	2016	2015	2014
CHF	Swiss Franc	Switzerland	3	1.0000	1.0000	1.0000
USD	Dollar	United States	1	0.9855	0.9613	0.9150
EUR	Euro	Europe	1	1.0901	1.0659	1.2144

Property and equipment

Property and equipment is measured at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the items. When parts of an item of tangible assets have different useful lives, they are accounted for as separate tangible asset items (major components). Depreciation is calculated on a straight-line basis over the expected useful life of the individual asset or the shorter remaining lease term for leasehold improvements. The applicable estimated useful lives are as follows:

Production equipment	5 years
Office furniture and electronic data processing equipment (“EDP”)	3 years
Leasehold improvements	5 years

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When an asset is reviewed for impairment, the asset's carrying amount may be written down immediately to its recoverable amount, provided the asset's carrying amount is greater than its estimated recoverable amount. Management assesses the recoverable amount by assessing the higher of its fair value less costs to sell or its value in use.

Cost and accumulated depreciation related to assets retired or otherwise disposed are removed from the accounts at the time of retirement or disposal and any resulting gain or loss is included in profit or loss in the period of disposition.

Intangible assets

Research and development

Expenditures on the Group's research programs are not capitalized, they are expensed when incurred.

Expenditures on the Group's development programs are generally not capitalized except if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. For the development projects of the Group, these criteria are generally only met when regulatory approval for commercialization is obtained. Given the current stage of the development projects, no development expenditures (other than certain milestone payments) have been capitalized in 2014 and 2015. Intellectual property-related costs for patents are part of the expenditure for research and development projects. Therefore, registration costs for patents are expensed when incurred as long as the research and development project concerned does not meet the criteria for capitalization.

Licenses

Intellectual property rights that are acquired by the Group are capitalized as intangible assets if they are controlled by the Group, are separately identifiable and are expected to generate future economic benefits, even if uncertainty exists as to whether the research and development will ultimately result in a marketable product. Consequently, upfront and milestone payments to third parties for the exclusive use of pharmaceutical compounds in specified areas of treatment are recognized as intangible assets.

Measurement

Intangible assets acquired that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

All licenses of the Group have finite lives. Amortization will commence once the Group's intangible assets are available for use which will be the case after regulatory approvals are obtained and the related products are available for use. Amortization of licenses is calculated on a straight line basis over the period of the expected benefit or until the license expires, whichever is shorter. The estimated useful life is 10 years or the remaining term of patent protection. The Group assesses at each statement of financial position date whether intangible assets which are not yet ready for use are impaired.

Impairment of non-financial assets

Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognized in profit or loss. Assets that were previously impaired are reviewed for possible reversal of the impairment at each reporting date. Any increase in the carrying amount of an asset will be based on the depreciated historical costs had the initial impairment not been recognized.

Financial instruments

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Recognition and derecognition of non-derivative financial assets and liabilities

The Group initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets and liabilities—measurement

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

The Group considers all short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less at the date of the purchase to be cash equivalents.

Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Share capital

All shares of the Company are registered shares and classified as part of shareholders’ equity. Incremental costs directly attributable to the issue of the Company’s shares, net of any tax effects, are recognized as a deduction from equity. The Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit (calculated as the difference between initial cost and fair value) on the transaction is presented within share premium.

Convertible loans

The component parts of convertible loans issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Impairment of non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at an individual asset level. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

Derivative Financial Instruments

Derivative financial instruments are accounted at fair value and changes in fair value are shown as profit or loss. The fair value calculation of the derivative financial instruments is based on the Black-Scholes option pricing model. Assumptions are made for volatility and the risk free rate in order to estimate the fair value of the instrument.

Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its tax assets and liabilities on a net basis.

Employee benefits

The Group maintains a pension plan for all employees in Switzerland through payments to a legally independent collective foundation. This pension plan qualifies under IFRS as defined benefit pension plan. There are no pension plans for the subsidiaries in Ireland and the United States.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. Past service costs, including curtailment gains or losses, are recognized immediately in general and administrative expenses within the operating results. Settlement gains or losses are recognized in general and administrative expenses within the operating results. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period or in case of any significant events between measurement dates to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Share-based compensation

The Company maintains various share-based payment plans in the form of stock option plans for its employees, members of the Board of Directors as well as key service providers. Stock options are granted at the Board's discretion without any contractual or recurring obligations.

The share-based compensation plans qualify as equity settled plans. The grant-date fair value of share-based payment awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The vesting of share options is conditional on the employee completing a period of service of three and four years respectively, from the grant date, in accordance with Stock Option Plans A and C. Under the Auris Medical Holding AG Long Term Equity Incentive Plan (the "Equity Incentive Plan" or "EIP"), 50% of granted share options granted to employees vest after a period of service of two years from the grant date and the remaining 50% vest after a period of service of three years from the grant date. Share options granted to members of the Board of Directors in 2016 and in 2015 vest after a period of one year after the grant date. Stock Option Plan B was created to provide shares for share based compensation plans; it was used in the years 2008, 2009 and 2014 and has been abolished in 2015.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. In the year the options are exercised the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Valuation of share options

Following the completion of our initial public offering, option pricing and values are determined based on the Black Scholes option pricing model and assumptions are made for inputs such as volatility of our stock and the risk free rate.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is more likely than not that an outflow of resources will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) attributable to owners of the Company by the weighted average number of shares outstanding during the period. Diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) attributable to the owners of the Company by the weighted average number of shares outstanding during the period adjusted for the conversion of all dilutive potential ordinary shares.

4. New standards, amendments and interpretations adopted by the group

In the current year, the following revised standards have been adopted in these financial statements. Adoption has not had a significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 1 amendments	Presentation of Financial Statements
Various	Annual Improvements to IFRSs:2012-2014 Cycle
IAS 16 & 38 amendments	Property Plant and Equipment, Intangible Assets
IFRS 10,12, & IAS 28 amendments	Consolidated Financial Statements, Disclosure of Interests in Other Entities
IFRS 14	Regulatory Deferral Accounts
IFRS 11 amendment	Joint Arrangement
IAS 16 & 41 amendments	Property Plant and Equipment, Agriculture
IAS 27 amendments	Consolidated and Separate Financial Statements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these consolidated financial statements.

Standard/Interpretation		Impact	Effective date	Planned application by the Group
New standards, interpretations or amendments				
IFRS 2	Amendment to IFRS 2, Classification and Measurement of Share-based Payment Transaction	1)	January 1, 2018	To be determined
IFRS 9	Financial Instruments	1)	January 1, 2018	To be determined
IFRS 15	Revenue from Contracts with Customers	1)	January 1, 2018	To be determined
IFRS 15	Amendments to IFRS 15 Contracts with Customers	1)	January 1, 2018	To be determined
IFRS 16	Leases	1)	January 1, 2019	To be determined
IAS 7	Amendments to IAS 7, Statement of Cash Flows	1)	January 1, 2017	FY 2017
IAS 12	Amendments to IAS 12, Income Taxes	1)	January 1, 2017	FY 2017
IFRS 4 / IFRS 9	Amendments to IFRS 4, Insurance Contracts	1)	January 1, 2018	To be determined

1) The impact on the consolidated financial statements of the Group cannot yet be determined with sufficient reliability.

5. Financial instruments and risk management

The following table shows the carrying amounts of financial assets and financial liabilities:

Financial assets	December 31, 2016	December 31, 2015
Available for sale		
Current financial assets	–	–
Loans and receivables		
Cash and cash equivalents	32,442,222	50,237,300
Other receivables	134,900	592,792
Total financial assets	**32,577,122**	**50,830,092**
Financial liabilities		
At amortized cost		
Trade and other payables	1,837,997	1,205,522
Accrued expenses	4,652,033	4,917,074
Loan	12,364,204	–
At fair value through profit and loss		
Derivative financial instruments	117,132	–
Total financial liabilities	**18,971,366**	**6,122,596**

Fair values

The carrying amount of cash and cash equivalents, other receivables, trade and other payables and accrued expenses is a reasonable approximation of their fair value due to the short term nature of these instruments.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, interest rate and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Management identifies, evaluates and controls financial risks. No financial derivatives have been used in 2016 and 2015 to hedge risk exposures. The Group invests its available cash in instruments with the main objectives of preserving principal, meeting liquidity needs and minimizing foreign exchange risks. The Group allocates its liquid assets to first tier Swiss or international banks.

Liquidity risk

The Group's principal source of liquidity is its cash reserves which are mainly obtained through the issuance of new shares. The Group has succeeded in raising capital to fund its development activities to date and has raised funds that will allow it to meet short term development expenditures. The Company will require regular capital injections to continue its development work, which may be dependent on meeting development milestones, technical results and/or commercial success. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium term is highly dependent on the Group's ability to raise further funds. Consequently, the Group is exposed to continued liquidity risk.

The table below analyses the remaining contractual maturities of financial liabilities, including estimated interest payments as of December 31, 2016 and 2015. The amounts disclosed in the table are the undiscounted cash flows:

	Carrying amount	Less than 3 months	Between 3 months and 2 years	2 years and later	Total
December 31, 2016					
Trade and other payables	1,837,997	1,837,997	–	–	1,837,997
Accrued expenses	4,652,033	3,632,752	1,019,281	–	4,652,033
Loan and borrowings	12,364,204	311,013	8,725,772	6,834,249	15,871,034
Derivative financial instruments	117,132	–	–	117,132	117,132
Total	**18,971,366**	**5,781,762**	**9,745,053**	**6,951,381**	**22,478,196**

December 31, 2015	Carrying amount	Less than 3 months	Between 3 months and 2 years	2 years and later	Total
Trade and other payables	1,205,522	1,205,522	–	–	1,205,522
Accrued expenses	4,917,074	4,780,737	136,337	–	4,917,074
Total	**6,122,596**	**5,986,259**	**136,337**	**–**	**6,122,596**

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as from other receivables. The Company's policy is to invest funds in low risk investments including interest bearing deposits. Other receivables were current as of December 31, 2016 and December 31, 2015, not impaired and included only well-known counterparties.

The Group has been holding cash and cash equivalents in the Group's principal operating currencies (CHF, USD and EUR) with international banks of high credit rating.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position:

Financial assets	December 31, 2016	December 31,2015
Cash and cash equivalents	32,442,222	50,237,300
Other receivables	134,900	592,792
Total	**32,577,122**	**50,830,092**

As of December 31, 2016 and December 31, 2015 other receivables consisted of other non-current receivables from third party and deposits for rent. As of December 2015, other receivables also included advance payments to suppliers.

Market risk

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various exposures, primarily with respect to US Dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The summary of quantitative data about the exposure of the Group's financial assets and liabilities to currency risk was as follows:

	2016		2015	
in CHF	USD	EUR	USD	EUR
Other receivables	–	–	158,625	286,313
Cash and cash equivalents	31,124,874	444,075	44,643,328	193,366
Trade and other payables	(501,249)	(847,892)	(284,620)	(189,393)
Accrued expenses	(1,031,096)	(2,964,552)	(2,046,276)	(2,638,638)
Loan and borrowings	(12,364,204)	–	–	–
Derivative financial instruments	(117,132)	–	–	–
Net statement of financial position exposure - asset/(liability)	**17,111,193**	**(3,368,369)**	**42,471,057**	**(2,348,352)**

As of December 31, 2016, a 5% increase or decrease in the USD/CHF exchange rate with all other variables held constant would have resulted in a CHF 872,443 (2015: CHF 2,135,522) increase or decrease in the net result. Also, a 5% increase or decrease in the EUR/CHF exchange rate with all other variables held constant would have resulted in a CHF 180,595 (2015: CHF 127,692) increase or decrease in the net result.

The Company has subsidiaries in the United States and Ireland, whose net assets are exposed to foreign currency translation risk. Due to the small size of the subsidiaries the translation risk is not significant.

Interest rate risk

On July 19, 2016, the Company entered into a Loan and Security Agreement for a secured term loan facility of up to $20.0 million with Hercules Capital, Inc. as administrative agent ("Hercules") and the lenders party thereto. An initial tranche of $12.5 million was drawn on July 19, 2016, concurrently with the execution of the loan agreement. The loan matures on January 2, 2020 and bears interest at a minimum rate of 9.55% per annum, and is subject to the variability of the prime interest rate. The Company's exposure to interest rates on financial assets and financial liabilities is resulting from loan and cash at banks. As of December 31, 2016 an increase or decrease in interest rates on financial obligations by 50 basis points effective July 19, 2016 with all other variables held constant would have resulted in a CHF 28,276 (2015: immaterial effect) increase or decrease in the net result.

Capital risk management

The Company and its subsidiaries are subject to capital maintenance requirements under local law in the country in which it operates. To ensure that statutory capital requirements are met, the Company monitors capital, at the entity level, on an interim basis as well as annually. From time to time the Company may take appropriate measures or propose capital increases to ensure the necessary capital remains intact.

6. Segment information

Geographical information

The Group's non-current assets by the Company's country of domicile were as follows:

	December 31, 2016	December 31, 2015
Switzerland	1,966,592	1,743,156
Total	**1,966,592**	**1,743,156**

Non-current assets exclude financial instruments.

7. Property and Equipment

	Production equipment	Office furniture and EDP	Leasehold improvements	Total
At cost				
As of January 1, 2015	**230,249**	**182,042**	**17,132**	**429,423**
Additions	53,250	26,670	–	79,920
As of December 31, 2015	**283,499**	**208,712**	**17,132**	**509,343**
Additions	**–**	24,994	219,330	244,324
As of December 31, 2016	**283,499**	**233,706**	**236,462**	**753,667**
Accumulated depreciation				
As of January 1, 2015	**(73,592)**	**(114,539)**	**(5,865)**	**(193,996)**
Charge for the year	(54,037)	(35,334)	(3,406)	(92,777)
As of December 31, 2015	**(127,629)**	**(149,873)**	**(9,271)**	**(286,773)**
Charge for the year	(56,700)	(33,837)	(7,063)	(97,600)
As of December 31, 2016	**(184,329)**	**(183,710)**	**(16,334)**	**(384,373)**
Net book value				
As of December 31, 2015	**155,870**	**58,839**	**7,861**	**222,570**
As of December 31, 2016	**99,170**	**49,996**	**220,128**	**369,294**

As of December 31, 2016, and 2015 no items of property and equipment were pledged. Refer to note 24 for security provided to Hercules Capital, Inc under the Loan and Security Agreement.

8. Intangible assets

	Licences
At cost	
As of January 1, 2015	1,482,520
As of December 31, 2015	1,482,520
As of December 31, 2016	1,482,520
Accumulated amortization and impairment losses	
As of December 31, 2015	–
As of December 31, 2016	–
Net book value	
As of December 31, 2015	1,482,520
As of December 31, 2016	1,482,520

Intangible assets comprise upfront and milestone payments related to licenses. In 2013 a milestone of CHF 1,125,000 related to the AM-111 program was recorded. Amortization will commence once the intangible assets are available for use, which will be the case after regulatory approvals are obtained and the related products are available for use.

No amortization or impairment was recorded in 2016 and 2015.

9. Other receivables

	December 31, 2016	December 31, 2015
Advance payments to suppliers	–	465,624
Value added tax receivable	132,570	82,468
Withholding tax receivable	23,644	13,522
Deposit credit cards	79,900	–
Other	60,417	89,102
Total other receivables	**296,531**	**650,716**

Other receivables were not considered impaired in the years under review.

10. Prepayments

	December 31, 2016	December 31, 2015
Advance payments to supplier	759,716	–
Clinical projects and related activities	41,681	–
Insurance	151,198	179,674
Other	–	1,370
Total prepayments	**952,595**	**181,044**

11. Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash in bank accounts	32,441,968	50,235,869
Cash on hand	254	1,431
Total cash and cash equivalents	**32,442,222**	**50,237,300**

12. Capital and reserves

Share capital

The issued share capital of the Company at December 31 consisted of:

	December 31, 2016		December 31, 2015	
	Number	CHF	Number	CHF
Common shares with a nominal value of CHF 0.40 each	34,329,704	13,731,881	34,303,891	13,721,556
Total	**34,329,704**	**13,731,881**	**34,303,891**	**13,721,556**

	Common Shares (Number)	
	2016	2015
As of January 1	34,303,891	29,010,391
Common shares issued or for stock options exercises with a nominal value of CHF 0.40 each		18,500
Common shares issued for the follow-on offering with a nominal value of CHF 0.40 each		5,275,000
Restricted shares issue for bonus purposes nominal value of CHF 0.40 each	25,813	
Total, as of December 31	**34,329,704**	**34,303,891**

Follow-On Offering on Nasdaq Global Market

On May 20, 2015, the Company completed a public offering of 5,275,000 shares, yielding net proceeds after underwriting discounts of USD 23.6 million (CHF 21.7 million). Offering costs associated with the follow-on amounted to CHF 643,796. Following the offering (and settlement of the employee options mentioned below) there were 34,303,891 common shares of the Company outstanding as of December 31, 2015.

Issuance of common shares upon exercise of options

In 2015, beneficiaries of Stock Option Plan A exercised their right to acquire common shares of the Company at CHF 3.20 per share. This resulted in an increase in the number of outstanding common shares of 18,500 and an increase in the share capital of CHF 7,400. Total proceeds from the exercise to the Company were CHF 59,200.

Issuance of common shares with restrictions

For the business year 2015, 25,813 restricted common shares with a nominal value of CHF 0.40 were awarded and issued on January 7, 2016 under the Equity Incentive Plan for the purpose of share based bonus payments. The shares are fully vested on the grant date but remain subject to transfer restrictions for a period until January 7, 2019. The Company recorded a payroll charge of CHF 188,092 in 2015.

Controlled Equity Offering

On June 1, 2016, we entered into a Controlled Equity Offering[SM] Sales Agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co. (“Cantor”), pursuant to which we may offer and sell, from time to time common shares, with a nominal value of CHF 0.40 per share, having an aggregate offering price of up to $35 million through Cantor. Any common shares offered and sold will be issued pursuant to our shelf registration statement on F-3 (Registration No. 333-206710) as supplemented by a prospectus supplement, dated June 1, 2016. In 2016, we did not offer or sell any common shares under the Sales Agreement.

Authorized share capital

After the follow-on offering in May 2015 and as of December 31, 2015, the authorized capital amounted to CHF 1,204,706 or 3,011,765 registered shares with a nominal value of CHF 0.40 each.

On April 8, 2016, the annual general meeting of shareholders revised the provisions related to authorized and contingent capital of the Company and approved an increase and extension of the authorized share capital. As of December 31, 2016, the Company's authorized capital amounted to CHF 6,860,000 and allowed to Board of Directors, subject to the terms and conditions set forth in the Articles of Association, to issue up to 17,150,000 fully paid registered shares with a nominal value of CHF 0.40 each.

Conditional share capital

The share capital may be increased by the issuance of up to 5,000,000 fully paid registered Common Shares with a nominal value of CHF 0.40 per share and to the maximum amount of CHF 2,000,000 in execution of subscription rights, which may be granted to employees, members of the Board of Directors as well as key service providers (see Note 13 for further reference).

The Company's share capital may be further increased by the issuance of up to 12,150,000 fully paid registered Common Shares with a nominal value of CHF 0.40 per share and to the maximum amount of CHF 4,860,000 in execution of conversion rights in connection with warrants and convertible bonds of the Company. For the terms of the warrant issued to Hercules, refer to Note 24.

13. Share based compensation

Description

On November 21, 2008, the Company established share option programs ("Stock Option Plans A and B") for employees, members of the Board of Directors as well as key service providers to purchase shares in the Company. Stock Option Plan A was amended and superseded by an updated version effective November 24, 2009, and replaced with amendments by Stock Option Plan C for any future option grants effective April 5, 2013. Grants under Stock Option Plan A and subsequently under Stock Option Plan C were offered in each year with vesting periods of three and four years; grants under Stock Option Plan B were made in 2008, 2009 and 2014 only. Stock Option Plan B was abolished in 2015 and no grants under Stock Option Plan B were made in 2015. In 2014, the Group introduced a further equity incentive plan, the EIP. The Company granted 555,660 options in 2016 (2015: 234,750) under the EIP.

For the business year 2015, the Company granted 25,813 restricted shares to employees under the Equity Incentive Plan on January 7, 2016. The grant price for these awards was the closing price of our shares on January 7, 2016 (USD 7.08) and resulted in a total payroll charge of CHF 188,092. These shares vest upon grant and have a sale restriction for a period of 3 years.

Holders of vested options are entitled to purchase common shares of the Company. For the stock option plans that were in place before the IPO, the exercise price corresponded to the value per share at the most recent financing round. Under the Equity Incentive Plan, the Board of Directors defined the exercise price as the average daily closing price of the Company's shares during the 30 days preceding the date of grant. All options are to be settled by the physical delivery of shares. The key terms and conditions related to the grants under these programs are as follows:

Plan	Number of options outstanding	Vesting conditions	Contractual life of options
Stock option Plan A	92,500	3 years' service from grant date	5 years
Stock option Plan C	121,250	4 years' service from grant date	6 years
Equity Incentive Plan Board	102,500	1 year service from grant date	8 years
Equity Incentive Plan Employees / Board*	360,945	2 years' service from grant date (50%)	8 years
Equity Incentive Plan Employees / Board*	360,945	3 years' service from grant date (50%)	8 years

* 25,000 options issued to Bettina Stubinski, the former Chief Medical Officer of the Company, have vested early, on December 29, 2016 and will expire on March 29, 2017.

Measurement of fair values

The fair value of the options was measured based on the Black-Scholes formula.

	Stock Option Plan			
	Equity Incentive Plan 2016	Equity Incentive Plan 2016	Equity Incentive Plan 2015	Equity Incentive Plan 2015
Fair value at grant date	USD 0.308 (1 year vesting) USD 0.472 (2 year vesting) USD 0.583 (3 year vesting)	USD 1.094 (1 year vesting) USD 1.560 (2 year vesting) USD 1.888 (3 year vesting)	USD 1.161 (1 year vesting) USD 1.679 (2 year vesting) USD 2.052 (3 year vesting)	USD 2.289 (2 year vesting) USD 2.773 (3 year vesting)
Share price at grant date	USD 1.03	USD 3.66	USD 4.33	USD 5.75
Exercise price	USD 1.39	USD 3.92	USD 4.68	USD 5.98
Expected volatility	100.93%	82.00%	74.20%	74.20%
Expected life	1,2 and 3 years	1,2 and 3 years	1, 2 and 3 years	2 and 3 years
Expected dividends	–	–	–	–
Risk-free interest rate	1.84%	1.83%	2.28%	2.06%

The Company has historically been a private company and started trading publicly in August 2014. Therefore, for the March 2015 grants under the EIP the Company lacks significant Company-specific historical and implied volatility information. For the aforementioned grants, the Company estimates expected volatility based on comparable public company data for these grants. For September 2015 award under the EIP and any grant thereafter, the Company used its own historic volatility. The expected life of all options is assumed to correspond to the vesting period.

The total expense recognized for equity-settled share-based payment transactions were CHF 290,783 in 2016 (2015: CHF 311,671, 2014: 270,747).

The number and weighted average exercise prices (in CHF) of options under the share option programs for Stock Option Plan A, Stock Option Plan C and the EIP are as follows:

	2016			2015		
	Number of options	Weighted average exercise price	Weighted average remaining term	Number of options	Weighted average exercise price	Weighted average remaining term
Outstanding at January 1	629,010	4.92	5.42	419,010	4.61	4.86
Expired during the year	(17,500)	0	0	0	0	0
Forfeited during the year	(129,030)	0	0	(6,250)	0	0
Exercised during the year	0	0	0	(18,500)	3.20	0
Granted during the year	555,660	1.99	7.81	234,750	5.31	7.61
Outstanding at December 31	**1,038,140**	**3.36**	**6.14**	**629,010**	**4.92**	**5.42**
Exercisable at December 31	199,005	4.56	3.11	71,250	4.15	1.31

The range of exercise prices for outstanding options was CHF 1.35 to CHF 6.01 as of December 31, 2016 and CHF 3.20 to CHF 6.01 as of December 31, 2015.

14. Trade and other payables

	December 31, 2016	December 31, 2015
Trade accounts payable - third parties	1,733,319	965,472
Other	104,678	240,050
Total trade and other payables	**1,837,997**	**1,205,522**

15. Accrued expenses

	December 31, 2016	December 31, 2015
Accrued research and development costs including milestone payments	4,307,089	4,403,622
Professional fees	316,470	291,629
Accrued vacation & overtime	115,749	44,238
Employee benefits incl. share based payments	138,960	188,092
Board of Directors fees	1,529	-
Other	26,945	33,731
Total accrued expenses	**4,906,742**	**4,961,312**

16. Research and development expense

	December 31, 2016	December 31, 2015	December 31, 2014
Pre-clinical projects	546,429	468,326	1,160,058
Clinical projects	16,639,304	20,808,025	12,141,571
Drug manufacturing and substance	2,608,814	1,866,148	1,383,581
Employee benefits and expenses	2,854,624	2,140,664	1,718,212
Lease expenses	84,344	42,953	68,082
Patents and trademarks	941,836	824,201	665,023
Regulatory projects	1,043,287	331,822	519,104
Depreciation tangible assets	58,125	54,037	48,830
Total research and development expense	**24,776,763**	**26,536,176**	**17,704,461**

17. General and administrative expense

	December 31, 2016	December 31, 2015	December 31, 2014
Employee benefits and expenses	2,174,543	1,502,900	1,136,677
Business development	45,649	72,562	237,720
Travel expenses	158,774	257,454	169,602
Administration expenses	2,969,796	2,386,791	2,014,178
IPO expenses, expensed	–	–	822,367
Lease expenses	63,695	59,665	35,072
Depreciation tangible assets	39,475	38,740	25,153
Capital tax expenses	(5,420)	23,458	48,281
Total general and administrative expenses	**5,446,512**	**4,341,570**	**4,489,051**

As of March 31, 2014, management determined that a successful completion of an IPO was not deemed to be more likely than not thus CHF 822,367 were expensed in the first quarter of 2014.

18. Employee benefits

	December 31, 2016	December 31, 2015	December 31, 2014
Salaries	3,662,180	2,833,741	2,259,112
Pension costs	342,805	282,517	118,755
Other social benefits	301,537	191,079	131,939
Share based payments costs	290,783	311,671	270,748
Recruitment costs	391,035	–	–
Other personnel expenditures	40,827	24,557	74,334
Total employee benefits	**5,029,167**	**3,643,565**	**2,854,888**

Benefit plans

The Company participates in a retirement plan (the "Plan") organized as an independent collective foundation, that covers all of its employees in Switzerland, including management. The collective foundation is governed by a foundation board. The board is made up of an equal number of employee and employer representatives of the affiliated companies. The Company has no direct influence on the investment strategy of the collective foundation. Moreover, certain elements of the employee benefits are defined in the same way for all affiliated companies. This is mainly related to the annuity factors at retirement and to interest allocated on retirement savings. The employer itself cannot determine the benefits or how they are financed directly. The foundation board of the collective foundation is responsible for the determination of the investment strategy, for making changes to the pension fund regulations and in particular, also for defining the financing of the pension benefits.

The old age benefits are based on retirement savings for each employee, coupled with annual retirement credits and interest (there is no possibility to credit negative interest). At retirement age, the insured members can choose whether to take a pension for life, which includes a spouse's pension, or a lump sum. In addition to retirement benefits, the plan benefits also include disability and death benefits. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules of the plan and may withdraw funds early for the purchase of a residential property for their own use subject to limitations under Swiss law. On leaving the Company, retirement savings are transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years. In defining the benefits, the minimum requirements of the Swiss Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. In Switzerland, the minimum interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2014 and 2015 the rate was 1.75% and 1.25% in 2016.

The assets are invested by the collective foundation in a diversified portfolio that respects the requirements of the Swiss BVG. Under the Plan, both the Company and the employee share the costs equally. The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, interest risk, disability risk and the risk of longevity. Through the affiliation to a collective foundation, the Company has minimized these risks, since they are shared between a much greater number of participants.

The following tables present information about the net defined benefit liability and its components:

Change in defined benefit obligation

	2016	2015
Defined benefit obligation at January 1	5,427,776	4,895,667
Service costs	319,173	261,778
Plan participants' contribution	218,275	171,196
Interest cost	62,916	58,943
Actuarial losses	417,937	7,750
Transfer-out amounts	(1,276,315)	(353,925)
Transfer-in amounts of new employees	1,953,079	386,367
Defined benefit obligation at December 31	**7,122,841**	**5,427,776**

The defined benefit obligation includes only liabilities for active employees. The weighted average modified duration of the defined benefit obligation at December 31, 2016 is 21.7 years (2015: 22.4 years).

Change in fair value of plan assets

	2016	2015
Fair value of plan assets at January 1	3,851,943	3,485,069
Interest income	47,994	44,070
Return on plan assets excluding interest income	23,835	(46,164)
Employer contributions	220,306	171,196
Plan participants' contributions	218,275	171,196
Transfer-out amounts	(1,276,315)	(353,925)
Transfer-in amounts of new employees	1,953,079	386,367
Administration expense	(8,710)	(5,866)
Fair value of plan assets at December 31	**5,030,407**	**3,851,943**

Net defined benefit liability recognized in the statement of financial position

	December 31, 2016	December 31, 2015
Present value of funded defined benefit obligation	7,122,841	5,427,776
Fair value of plan assets	(5,030,407)	(3,851,943)
Net defined benefit liability	**2,092,434**	**1,575,833**

Defined Benefit Cost

	2016	2015	2014
Service cost	319,173	261,778	111,513
Net interest expense	14,922	14,873	4,188
Administration expense	8,710	5,866	3,054
Total defined costs for the year recognized in profit or loss	**342,805**	**282,517**	**118,755**

Remeasurement of the Defined Benefit Liability

	2016	2015	2014
Actuarial loss (gain) arising from changes in financial assumptions	412,396	(167,623)	699,456
Actuarial loss arising from experience adjustments	264,417	175,375	784,766
Actuarial gain arising from demographic assumptions	(258,876)	–	–
Return on plan assets excluding interest income	(23,835)	46,164	(382,755)
Total defined benefit cost for the year recognized in the other comprehensive loss	**394,102**	**53,916**	**1,101,467**

Assumptions

At December 31	2016	2015	2014
Discount rate	0.70%	1.10%	1.20%
Future salary increase	1.10%	1.10%	1.50%
Pension indexation	0.00%	0.00%	0.00%
Mortality and disability rates	BVG2015G	BVG 2010G	BVG 2010G

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

December 31,	**2016**	**2015**
Chance in assumption	0.25 % increase	0.25 % increase
Discount rate	(324,057)	(248,110)
Salary increase	42,181	39,749
Pension indexation	201,221	148,095
Change in assumption	+ 1 year	+ 1 year
Life expectancy	167,161	106,136

19. Finance income and finance expense

	2016	**2015**	**2014**
Interest income	67,565	36,562	52,133
Net foreign currency exchange gain	843,950	1,806,206	4,164,189
Revaluation gain from derivative financial instruments	291,048	–	–
Total finance income	**1,202,563**	**1,842,768**	**4,216,322**
Interest expense related parties	–	–	49,635
Interest expense (incl. Bank charges)	828,547	7,985	6,175
Net foreign currency exchange loss	944,047	662,100	152,015
Total finance expense	**1,772,594**	**670,085**	**207,825**
Finance income/(expense), net	**(570,031)**	**1,172,683**	**4,008,497**

In 2014, interest expense on convertible loans of CHF 49,635 did not result in a net cash outflow. In 2016, net foreign currency exchange gains contain translation gains of CHF 396,665 (2015: CHF 1,154,513; 2014: CHF 3,961,731) which arose on the Company's USD and EUR denominated cash and cash equivalents. In 2016, interest expenses include interest paid to Hercules Capital, Inc. under the Loan and Security Agreement in an amount of CHF 546,170.

20. Taxation

The Group's income tax expense recognized in the consolidated statement of profit or loss and other comprehensive loss was as follows:

	2016	**2015**	**2014**
Deferred income tax expense	–	(32,761)	(32,761)
Deferred income tax gain	131,055	32,761	32,761
	131,055	**–**	**–**

The Group's effective income tax expense differed from the expected theoretical amount computed by applying the Group's applicable weighted average tax rate of 21.5% in 2016 (2015: 21.9%, 2014: 23%) as summarized in the following table:

Reconciliation	2016	2015	2014
Loss before income tax	(30,793,306)	(29,705,063)	(18,185,015)
Income tax at statutory tax rates applicable to results in the respective countries	6,629,237	6,493,569	4,177,780
Effect of unrecognized temporary differences	(27,072)	(105,395)	(273,073)
Effect of unrecognized taxable losses	(6,360,837)	(6,438,609)	(4,160,118)
Effect of previously unrecognised deferred tax asset	131,055		
Effect of expenses deductible for tax purposes	2,505		
Effect of expenses not considerable for tax purposes	23,716		
Effect of impact from application of different tax rates	(267,695)		
Effect of unrecognized deferred tax due to change in income tax rate	–		156,005
Effect of unrecognized taxable losses in equity	146	50,435	99,406
Income tax (expense)/income	**131,055**	**–**	**–**

The tax effect of taxable temporary differences that give rise to deferred income tax liabilities or to deferred income tax assets as of December 31 is presented below:

Deferred Tax Liabilities	December 31, 2016	December 31, 2015
Intangible assets	(327,637)	(327,637)
Hercules Loan Facility and Warrant	(76,390)	–
Total	**(404,027)**	**(327,637)**
Deferred Tax Asset	**December 31, 2016**	**December 31, 2015**
Net operating loss (NOL)	207,445	–
Total	**207,445**	**–**
Deferred Tax, net	**(196,582)**	**(327,637)**

Deferred Tax 2016	Opening Balance	Recognized in Profit or Loss	Recognized in Equity	Closing Balance
Intangible assets	(327,637)	–	–	(327,637)
Hercules Loan Facility and Warrant	–	(76,390)	–	(76,390)
Net operating loss (NOL)	–	207,445	–	207,445
Total	**(327,637)**	**131,055**	**–**	**(196,582)**

Deferred Tax 2015	Opening Balance	Recognized in Profit or Loss	Recognized in Equity	Closing Balance
Intangible assets	(327,637)	–	–	(327,637)
Provisions	(32,761)	32,761	–	–
Net operating loss (NOL)	32,761	(32,761)	–	–
Total	**(327,637)**	**–**	**–**	**(327,637)**

As of December 31, 2016, the Group had total gross tax loss carry forwards amounting to CHF 115.4 million (2015: CHF 86 million), of which CHF 114.3 million related to Auris Medical AG, Auris Medical Holding AG and Otolanum AG in Switzerland and CHF 1.1 million to Auris Medical Inc. in the United States (2015: CHF 84.9 million for Auris Medical AG and Otolanum AG and CHF 1.1 million for Auris Medical Inc.).

The Group's tax loss carry-forwards with their expiry dates are as follows:

	December 31, 2016	December 31, 2015
Within 1 year	1,859,601	1,686,986
Between 1 and 2 years	9,928,391	3,613,999
Between 3 and 7 years	102,542,641	79,651,641
More than 7 years	1,087,543	1,073,609
Total	**115,418,176**	**86,026,235**

The tax effect of the major unrecognized temporary differences and loss carry-forwards is presented in the table below:

	December 31, 2016	December 31, 2015
Deductible temporary differences		
Employee benefit plan	450,227	348,259
Stock option plans	–	183,023
Total potential tax assets	**450,227**	**531,282**
Taxable unrecognized temporary differences		
Property and equipment	–	–
Total unrecognized potential tax liabilities	–	–
Offsetting potential tax liabilities with potential tax assets	–	–
Net potential tax assets from temporary differences not recognized	450,227	531,282
Potential tax assets from loss carry-forwards not recognized	25,082,968	19,049,472
Total potential tax assets from loss carry-forwards and temporary differences not recognized	**25,533,195**	**19,580,754**

21. Loss per share

	December 31, 2016	December 31, 2015	December 31, 2014
Loss attributable to owners of the Company	(30,662,251)	(29,705,063)	(18,185,015)
Weighted average number of shares outstanding	34,329,280	32,299,166	27,692,494
Basic and diluted loss per share	**(0.89)**	**(0.92)**	**(0.66)**

For the years ended December 31, 2016 and 2015 basic and diluted loss per share is based on the weighted average number of shares issued and outstanding and excludes shares to be issued under the Stock Option Plans (Note 13) and the warrant issued to Hercules (Note 24) as they would be anti-dilutive. As of December 31, 2016, the Company has 1,038,140 options outstanding under its stock option plans. The average number of options outstanding between January 1, 2016 and December 31, 2016 was 769,529 (524,010 for the period between January 1, 2015 and December 31, 2015). As of December 31, 2016, the Company issued warrants to purchase up to 241,117 of its common shares outstanding.

22. Commitments and contingencies

Operating lease commitments

On October 1, 2016, the Group entered into a lease for a new office space under an operating lease agreement. The lease has a five year fixed term, subject to a one-time cancellation option effective as per September 30, 2019. Effective December 31, 2016, the Group entered into a termination agreement related to a lease entered into on April 1, 2013.

The future minimum lease payments under non-cancellable operating leases that are not accounted for in the statement of financial position were as follows:

	December 31, 2016	December 31, 2015
Within one year	161,110	100,572
Between one and five years	607,161	114,465
Total	**768,271**	**215,037**

Office lease expenses of CHF 148,039, CHF 107,450 and CHF 99,072 were booked in 2016, 2015 and 2014, respectively, in the consolidated statement of profit or loss and other comprehensive loss.

23. Related party transactions

For purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Also, parties under common control of the Group are considered to be related. Key management personnel are also related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Compensation of the members of the Board of Directors and Management

In 2016, the total compensation paid to management amounted to CHF 1,871,406 (2015: CHF 1,619,208; 2014: CHF 1,220,677). The fees paid to members of the Board of Directors in 2016 for their activities as board members totaled CHF 364,276 (2015: CHF 329,827; 2014: CHF 143,647).

Up to the Company's IPO, non-executive directors received part or all of their remuneration in stock options; travel and out of pocket expenses were reimbursed in cash by the Group. Executive directors and directors delegated and remunerated by a shareholder for its representation on the Board were not entitled to any specific remuneration for their Board membership and work. Following the IPO, the Board's remuneration policy was modified in that all non-executive directors received remuneration for their work as members of the Board as well as of the newly constituted Compensation Committee and Audit Committee.

	Executive Management			Board of Directors			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Short term benefits	1,554,850	1,363,796	1,008,817	325,493	268,810	81,567	1,880,343	1,632,606	1,090,384
Post-employee benefits years	88,838	78,721	63,386	–	–	–	88,838	78,721	63,386
Share-based payment charge	217,981	176,691	148,474	103,380	61,017	62,080	321,361	237,708	210,554
Total	**1,861,669**	**1,619,208**	**1,220,677**	**428,873**	**329,827**	**143,647**	**2,290,542**	**1,949,035**	**1,364,324**

In 2016, CHF 321,361 (2015: CHF 237,708; 2014: CHF 210,554) was expensed for grants of stock options to members of the Board of Directors and management. The 2016 share based payment charge shown above excludes adjustments for instruments forfeited in 2016 due to termination of service. Contributions to pension schemes amounted to CHF 88,838, CHF 78,721 and CHF 63,386 during the years 2016, 2015 and 2014, respectively. No termination benefits or other long term benefits were paid.

Members of the Board of Directors and management held 656,355, 457,510 and 287,510 stock options as of December 31, 2016, 2015, and 2014, respectively.

For the business year 2015, the Company granted 25,813 (2014: 20,881) restricted shares to employees under the Equity Incentive Plan (2014: Stock Option Plan B). The grant price for the 2015 awards was the closing price of our shares on January 7, 2016 (USD 7.08) and resulted in a total payroll charge of CHF 188,092 (2014: CHF 92,565). These shares vest upon grant and have a sale restriction for a period of 3 years. For the 2016 business year, no restricted shares were issued.

Controlled Equity Offering ^{SM}

Thomas Meyer, our Chief Executive Officer, or the Share Lender, has entered into a share lending agreement with Cantor to facilitate the timely settlement of common shares sold under the Sales Agreement with Cantor. Pursuant to the terms of the share lending agreement, the Share Lender will lend common shares to Cantor so that those common shares may be delivered by Cantor to purchasers of common shares sold in the offering. Cantor will return common shares to the Share Lender upon the issuance of new common shares by the Company to Cantor. Neither the Company nor the Share Lender will receive any compensation for this arrangement.

24. Loan and Warrant

On July 19, 2016, the Company entered into a Loan and Security Agreement for a secured term loan facility of up to $20.0 million with Hercules, as administrative agent and the lenders party thereto. An initial tranche of $12.5 million was drawn on July 19, 2016, concurrently with the execution of the loan agreement. The loan matures on January 2, 2020 and bears interest at a minimum rate of 9.55% per annum, and is subject to the variability of the prime interest rate. The loan is secured by a pledge of the shares in Auris Medical AG owned by the Company, all intercompany receivables owed to the Company by its Swiss subsidiaries and a security assignment of the Company's bank accounts.

The loan was initially recognized at transaction value less the fair value of the warrant as of the transaction date and less directly attributable transactions costs. Following the initial recognition, the loan is measured at amortized cost using the effective interest method. As of December 31, 2016, the loan is valued at CHF 12,364,204. Of the CHF 12,364,204 an amount of CHF 2,212,706, reflecting amortization payments due within the next 12 months, is classified as current liability and the remainder as non-current liability. In connection with the loan facility, the Company issued Hercules a warrant to purchase up to 241,117 of its common shares at an exercise price of $3.94 per share. As of July 19, 2016, the warrant is exercisable for 156,726 common shares. Upon Hercules making the second advance under the loan facility, the warrant shall become exercisable for the additional 84,391 common shares. The warrant expires on July 19, 2023. The fair value calculation of the warrant is based on the Black-Scholes option pricing model. Assumptions are made regarding inputs such as volatility and the risk free rate in order to determine the fair value of the warrant. As the warrant is part of the loan transaction, its initial fair value was deducted from the loan proceeds and accounted for as non-current financial liability. Following the initial recognition, the warrant is measured at fair value and changes in fair value are shown as profit or loss.

As of December 31, 2016 the fair value of the warrant amounts to CHF 117,132. Since its initial recognition, the fair value decreased by CHF 291,048 resulting in a gain in the corresponding amount (fair value as of July 19, 2016: CHF 408,180).

25. Events after the balance sheet date

Interference Proceedings

On July 20, 2015, the USPTO declared Patent Interference No. 106,030 involving the Company's issued U.S. patent No. 9,066,865 (the "'865 Patent") and Otonomy's U.S. patent application No. 13/848,636 (the "'636 Application"). The patent interference identified claims 1-9 in the '865 Patent as interfering with claims 38, 43 and 46-50 of the '636 Application. The '865 Patent discloses methods of treating inner or middle ear diseases with intratympanic injections of poloxamer-based compositions. The claims of the '865 Patent are directed to the use of fluoroquinolone antibiotics in poloxamer 407 compositions under certain specifications. On January 26, 2017, the USPTO issued a decision on the interference granting Auris benefit of priority. As a result of the decision, judgment was entered against Otonomy and all claims in the '636 Application were refused. In addition, claims 1-8 of the '865 Patent were cancelled as the result of the USPTO's determination that the written description of the specification lacked full scope support for treating middle or inner ear disease with fluoroquinolone. However, claim 9, which is directed to a method of treating viral and bacterial infections with intratympanic injection of a fluoroquinolone antibiotic in a poloxamer 407 composition under certain specifications, was affirmed. The USPTO's decision is not final and may be appealed. Although the Company is still analyzing what effect, if any, the cancellation of claims 1-8 of the '865 Patent will have on the remainder of the '865 patent family, the Company does not expect the interference proceedings to impact its intellectual property portfolio relating to Keyzilen® and AM-111. However, given that the USPTO's decision is subject to appeal, there can be no assurance that the final outcome of the interference proceedings will not have a material adverse effect on the Company's intellectual property portfolio.

Otifex

On February 2, 2017, the Company entered into an asset purchase agreement with Otifex, pursuant to which the Company agreed to purchase and Otifex has agreed to sell certain preclinical and clinical assets related to a formulation for the intranasal application of Betahistine, which the Company refers to as AM-125. The Company plans to develop the formulation for vestibular disorders. The asset purchase agreement provides for an upfront and a development milestone payment which, in the aggregate, equal an amount less than $500,000.

Equity Offering

On February 21, 2017, the Company completed a public offering of (the "Offering") 10,000,000 common shares with a nominal value of CHF 0.40 each and 10,000,000 warrants, each warrant entitling its holder to purchase 0.70 of a common share. The net proceeds to the Company from the Offering were approximately CHF 9.2 million ($9.1 million), after deducting underwriting discounts and other estimated offering expenses payable by the Company.

Roth Capital Partners, LLC (the "Underwriter") was granted a 30-day option to purchase up to 1,500,000 additional common shares and/or 1,500,000 additional warrants. All of the common shares and warrants in the Offering were sold by the Company. On February 15, 2017, the Underwriter partially exercised its 30-day option to purchase additional common shares and/or warrants in the amount of 1,350,000 warrants.

The warrants are exercisable beginning on the date of issuance, and at any time up to five years from the date of issuance. Each warrant represents the right to purchase 0.70 of a common share at an exercise price equal to $1.20 per share. The exercise price is subject to adjustment upon the occurrence of certain events; provided that in no event will the exercise price per share be lower than the nominal value of a common share at the time of exercise.

AURIS MEDICAL HOLDING AG, ZUG

Consolidated Financial Statements for the Year Ended December 31, 2016 and Statutory Auditor's Report

Statutory Auditor’s Report

To the General Meeting of
AURIS MEDICAL HOLDING AG, ZUG

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Auris Medical Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of profit or loss and the other comprehensive loss, the statement of changes in equity, the statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 these matters.

Key audit matter	*How the scope of our audit responded to the key audit matter*
Liquidity projection for going concern assessment	
We identified that the most significant assumption in the Group's assessment on its ability to continue as a going concern was the expected cash-inflow from the offering described in note 25, *subsequent events*, as well as future liquidity projection derived from its budget. The calculations supporting the assessment require management to make judgments on estimated future spending for research and development cost and general administration cost required for the development of the Group's products. The liquidity projection is fundamental to assess the appropriateness of the basis adopted for the preparation of the financial statements and therefore represents a key audit matter.	We tested the design and implementation of the Group's relevant controls and assessed the appropriateness of the methodology applied for the liquidity projection that builds the basis for the Group's going concern conclusion. Our audit procedures on the liquidity projection underlying the going concern conclusion, amongst others, included: · corroborating liquidity projection with management and members of the Board of Directors · testing mechanical accuracy of the liquidity forecast · critically assessing how the Group's assumptions tie back to the budget approved by the Board of Directors · comparing planned research and development as well as general and administrative spending based on existing contractual obligations and historical trends to liquidity projection · performing historical back testing to obtain an understanding of the past precision of the budget assumptions to identify potential management bias effects included in the liquidity projections

Key audit matter	*How the scope of our audit responded to the key audit matter*
Employee Benefits The Group has recorded employee benefits of CHF 2.092 million as of December 31, 2016. The assumptions that underpin the valuation of the defined employee benefit assets and liabilities are critical, and also subjective. The employee benefit recognised in the balance sheet represents the present value of defined benefit obligations calculated annually by an independent actuary. These actuarial valuations are sensitive to key assumptions such as discount rates, inflation rates, and mortality rates. Changes in any of these assumptions can lead to a material movement in the net employee benefit liability. Given the judgement required by management in setting these assumptions, the volatility in employee benefit balances that can result from changes in assumptions, and the significance of the balance to the consolidated financial statements as a whole, the estimation of employee benefit obligations is a key audit matter. Refer to Note 18, *Employee benefits*	We tested the design and implementation of the Group's relevant controls in respect of the valuation process for the employee benefit plan. We evaluated the Group's assessment of the assumptions used in the valuation of defined benefit liabilities and the information contained within the actuarial valuation report for the employee benefit plan. We tested the membership and salary data used in the valuation of the employee benefit plan by reconciliation to payroll records on a sample basis. We also verified employee benefit assets with a third-party confirmation. Working with our internal pension specialists, we audited the valuation report from the Group's external actuary and assessed their expertise and independence. The procedures included, amongst others, the assessment of the key assumptions applied, including discount, inflation and mortality rates, against external data, where available, and forming our own independent expectations based on our knowledge of the Swiss pension system. We also assessed the adequacy and completeness of the related employee benefit disclosures in the consolidated financial statements.

Valuation of derivative financial instruments – options and warrants	
The option valuation and recorded option charge are highly depending on management’s assumptions of expected life of the issued options, the percentage of option holders fulfilling the vesting condition and the historical volatility of the share price. Further, required disclosures for instruments relating to equity incentive plans under IFRS 2 are extensive. Limited historic information on the volatility of the Company’s share price also impacts the valuation of the warrants, which are exercisable at any time over a period of seven years commencing on July 19, 2016. There is significant measurement uncertainty involved in the valuation of derivative financial instruments and therefore this represents a key audit matter. Refer to Note 13, *Shared based compensation*, Note 5, *Financial instruments and risk management*, and Note 24, *Loan and Warrant.*	Our audit procedures included, amongst others, testing the Group’s relevant controls on the valuation and calculation of the option charge and the valuation of warrants. We performed on a sample basis test of details from all options issued to verify the underlying data is accurate. In addition, we read the compensation decision and tied the information to the option summary ensuring completeness. We verified that the warrant inputs are in line with the Warrant Agreement. We assessed the valuation methodology for options and warrants applied and the reasonableness of the underlying assumptions by using our internal valuation specialists to assist us in evaluating the methodology and specific assumptions, in particular those relating to the expected volatility and risk free interest rate by using publicly available market information and historical information about their share price. Further, our internal valuation specialists performed an independent recalculation of the options and warrants valuation. We recalculated the Group’s option charge to verify the accuracy of the option charge recorded in the statement of profit or loss. We audited the subsequent measurement impact related to warrants on the statement of profit or loss by calculating the difference between the initial valuation per issuance and the valuation as per year-end. We focused on the adequacy of the Group’s disclosures on those assumptions and the required disclosures related to options in line with IFRS 2 and related to warrants in line with IFRS 7.

Other Information in the Annual Report

The Board of Directors is responsible for the other information included in Form 20-F and Form 6-K on which this report is furnished ("annual report"). The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing 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 taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

/s/ Matthias Gschwend	/s/ Adrian Kaeppeli
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, March 10, 2017

Enclosures

- Consolidated financial statements (consolidated statements of profit or loss and the other comprehensive loss, consolidated statement of financial position, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements)

AURIS MEDICAL HOLDING AG

Consolidated Statement of Profit or Loss and Other Comprehensive Loss
For the Years Ended December 31, 2016, 2015 and 2014
(in CHF)

	Note	2016	2015	2014
Research and development	16	(24,776,763)	(26,536,176)	(17,704,461)
General and administrative	17	(5,446,512)	(4,341,570)	(4,489,051)
Operating loss		**(30,223,275)**	**(30,877,746)**	**(22,193,512)**
Interest income	19	67,565	36,562	52,133
Interest expense	19	(828,547)	(7,985)	(55,810)
Foreign currency exchange gain/(loss), net	19	(100,097)	1,144,106	4,012,174
Revaluation gain from derivative financial instruments	19, 24	291,048	–	–
Loss before tax		**(30,793,306)**	**(29,705,063)**	**(18,185,015)**
Income tax gain	20	131,055	–	–
Net loss attributable to owners of the Company		**(30,662,251)**	**(29,705,063)**	**(18,185,015)**
Other comprehensive loss:				
Items that will never be reclassified to profit or loss				
Remeasurements of defined benefit liability, net of taxes of CHF 0	18	(394,102)	(53,916)	(1,101,468)
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences, net of taxes of CHF 0		(19,723)	(12,712)	(105,104)
Other comprehensive loss, net of taxes of CHF 0		**(413,825)**	**(66,628)**	**(1,206,572)**
Total comprehensive loss attributable to owners of the Company		**(31,076,076)**	**(29,771,691)**	**(19,391,587)**
Basic and diluted loss per share	21	(0.89)	(0.92)	(0.66)

The accompanying notes form an integral part of these consolidated financial statements.

AURIS MEDICAL HOLDING AG

Consolidated Statement of Financial Position
As of December 31, 2016 and 2015
(in CHF)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Property and equipment	7	369,294	222,570
Intangible assets	8	1,482,520	1,482,520
Other non-current receivables		114,778	38,066
Total non-current assets		**1,966,592**	**1,743,156**
Current assets			
Other receivables	9	296,531	650,716
Prepayments	10	952,595	181,044
Cash and cash equivalents	11	32,442,222	50,237,300
Total current assets		**33,691,348**	**51,069,060**
Total assets		**35,657,940**	**52,812,216**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	13,731,881	13,721,556
Share premium		112,838,815	112,662,910
Foreign currency translation reserve		(83,544)	(63,821)
Accumulated deficit		(112,344,303)	(81,578,733)
Total shareholders' equity attributable to owners of the Company		**14,142,849**	**44,741,912**
Non-current liabilities			
Loan	24	10,151,498	–
Derivative financial instruments	24	117,132	–
Employee benefits	18	2,092,434	1,575,833
Deferred tax liabilities	20	196,582	327,637
Total non-current liabilities		**12,557,646**	**1,903,470**
Current liabilities			
Loan	24	2,212,706	–
Trade and other payables	14	1,837,997	1,205,522
Accrued expenses	15	4,906,742	4,961,312
Total current liabilities		**8,957,445**	**6,166,834**
Total liabilities		**21,515,091**	**8,070,304**
Total equity and liabilities		**35,657,940**	**52,812,216**

The accompanying notes form an integral part of these consolidated financial statements.

AURIS MEDICAL HOLDING AG

Consolidated Statement of Changes in Equity
As of December 31, 2016, 2015 and 2014
(in CHF)

	Note	Share Capital	Share Premium	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
As of January 1, 2014		**6,487,130**	**35,608,210**	**53,995**	**(33,115,689)**	**9,033,646**
Total comprehensive loss						
Net loss		–	–	–	(18,185,015)	(18,185,015)
Other comprehensive loss		–	–	(105,104)	(1,101,468)	(1,206,572)
Total comprehensive loss		**–**	**–**	**(105,104)**	**(19,286,483)**	**(19,391,587)**
Transactions with owners of the Company						
Issue of ordinary shares associated with Initial Public Offering ("IPO")		4,045,294	47,261,446	–	–	51,306,740
Issuance costs associated with IPO		–	(1,815,056)	–	–	(1,815,056)
Conversion of convertible loan		1,043,180	12,717,655	–	–	13,760,835
Share issuance costs		–	(136,697)	–	–	(136,697)
Share based payments		–	–	–	270,747	270,747
Share options exercised		28,552	225,613	–	–	254,165
Balance at December 31, 2014		**11,604,156**	**93,861,171**	**(51,109)**	**(52,131,426)**	**53,282,793**
As of January 1, 2015		**11,604,156**	**93,861,171**	**(51,109)**	**(52,131,426)**	**53,282,793**
Total comprehensive loss						
Net loss		–	–	–	(29,705,063)	(29,705,063)
Other comprehensive loss		–	–	(12,712)	(53,916)	(66,628)
Total comprehensive loss		**–**	**–**	**(12,712)**	**(29,758,979)**	**(29,771,691)**
Transactions with owners of the Company						
Capital increase from follow-on offering		2,110,000	19,604,877	–	–	21,714,877
Transaction costs	12	–	(643,796)	–	–	(643,796)
Share issuance costs		–	(211,142)	–	–	(211,142)
Share based payments	13	–	–	–	311,671	311,671
Share options exercised	13	7,400	51,800	–	–	59,200
Balance at December 31, 2015		**13,721,556**	**112,662,910**	**(63,821)**	**(81,578,733)**	**44,741,912**
As of January 1, 2016		**13,721,556**	**112,662,910**	**(63,821)**	**(81,578,733)**	**44,741,912**
Total comprehensive loss						
Net loss		–	–	–	(30,662,251)	(30,662,251)
Other comprehensive loss		–	–	(19,723)	(394,102)	(413,825)
Total comprehensive loss		–	–	**(19,723)**	**(31,056,353)**	**(31,076,076)**
Transactions with owners of the Company						
Issue of bonus shares	13	10,325	177,767	–	–	188,092
Share issuance costs	13	–	(1,862)	–	–	(1,862)
Share based payments	13	–	–	–	290,783	290,783
Balance at December 31, 2016		**13,731,881**	**112,838,815**	**(83,544)**	**(112,344,303)**	**14,142,849**

The accompanying notes form an integral part of these consolidated financial statements.

AURIS MEDICAL HOLDING AG

Consolidated Statement of Cash Flows
For the Years Ended December 31, 2016, 2015, and 2014
(in CHF)

	Note	**2016**	**2015**	**2014**
Cash flows from operating activities				
Net loss		**(30,662,251)**	**(29,705,063)**	**(18,185,015)**
Adjustments for:				
Depreciation	16, 17	97,600	92,777	73,984
Unrealized foreign currency exchange (gain)/loss, net		99,091	(1,167,227)	(4,066,452)
Net interest expense/(income)	19	748,840	(36,390)	(2,498)
Share based payments	13	290,783	311,671	270,747
Employee benefits		122,501	111,321	(19,211)
Fair value derivative financial instruments	24	(291,048)	–	–
Income tax gain	20	(131,055)	–	–
		(29,725,539)	**(30,392,911)**	**(21,928,445)**
Changes in:				
Other receivables		277,483	(146,244)	(17,634)
Prepayments		(771,551)	84,126	(82,033)
Trade and other payables		632,474	(2,028,862)	2,279,626
Accrued expenses		133,522	3,756,744	432,449
Net cash used in operating activities		**(29,453,611)**	**(28,727,147)**	**(19,316,037)**
Cash flows from investing activities				
Purchase of property and equipment	7	(244,324)	(79,920)	(113,496)
Purchase of intangibles	8	–	–	(1,125,000)
Interest received	19	67,553	36,562	52,133
Net cash from/(used in) investing activities		**(176,771)**	**(43,358)**	**(1,186,363)**
Cash flows from financing activities				
Proceeds from exercise of options	12	–	59,200	254,165
Share issuance costs	12	(1,862)	(211,142)	(136,697)
Proceeds from issue of loan with warrant	24	11,986,671	–	–
Proceeds from follow-on offering, net of underwriting fees and follow-on offering costs	12	–	21,071,081	–
Proceeds from IPO, net of underwriting fees and IPO costs		–	–	50,037,847
Share issuance costs IPO		–	–	(546,163)
Interest paid	19, 24	(546,170)	(172)	–
Net cash from financing activities		**11,438,639**	**20,918,967**	**49,609,152**
Net (decrease)/increase in cash and cash equivalents		**(18,191,743)**	**(7,851,538)**	**29,106,752**
Cash and cash equivalents at beginning of the period		50,237,300	56,934,325	23,865,842
Net effect of currency translation on cash		396,665	1,154,513	3,961,731
Cash and cash equivalents at end of the period		**32,442,222**	**50,237,300**	**56,934,325**

The accompanying notes form an integral part of these consolidated financial statements.

1. Reporting entity

Auris Medical Holding AG (the “Company”) is a corporation (*Aktiengesellschaft*) organized in accordance with Swiss law and domiciled in Switzerland. The Company’s registered address is Bahnhofstrasse 21, 6300 Zug. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Company is the ultimate parent of the following Group entities:

- Auris Medical AG, Basel, Switzerland (100%) with a nominal share capital of CHF 2,500,000
- Otolanum AG, Zug, Switzerland (100%) with a nominal share capital of CHF 100,000
- Auris Medical Inc., Chicago, United States (100%) with a nominal share capital of USD 15,000
- Auris Medical Ltd., Dublin, Ireland (100%) with a nominal share capital of EUR 100

On April 22, 2014, we changed our name from Auris Medical AG to Auris Medical Holding AG. On May 21, 2014 the domicile of Auris Medical Holding AG was transferred from Basel to Zug.

The Group is primarily involved in the development of pharmaceutical products for the treatment of inner ear and vestibular disorders, in particular tinnitus and hearing loss. Its most advanced projects are in the late stage of clinical development.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

These consolidated financial statements were approved by the Board of Directors of the Company on March 10, 2017.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the revaluation to fair value of certain financial assets. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Functional and reporting currency

These consolidated financial statements are presented in Swiss Francs (“CHF”), which is the Company’s functional (“functional currency”) and the Group’s reporting currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are described below.

Income taxes

As disclosed in Note 20 the Group has significant tax losses in Switzerland. These tax losses represent potential value to the Group to the extent that the Group is able to create taxable profits in Switzerland prior to expiry of such losses. Tax losses may be used within 7 years from the year the losses arose.

The Group also has tax losses in the United States which may be used within 20 years of the end of the year in which losses arose, or for a shorter time period in accordance with prevailing state law.

Other than a tax asset in the amount of CHF 207,445, the Group has not recorded any deferred tax assets in relation to these tax losses. The key factors which have influenced management in arriving at this evaluation are the fact that the business is still in a development phase and the Group has not yet a history of making profits. Should management's assessment of the likelihood of future taxable profits change, a deferred tax asset will be recorded. Income tax gain reflects the reassessment of deferred tax assets and liabilities booked in the 2014 and 2015 fiscal years.

Development expenditures

The project stage forms the basis for the decision as to whether costs incurred for the Group's development projects can be capitalized. Generally clinical development expenditures are not capitalized until the Group obtains regulatory approval (i.e. approval to commercially use the product), as this is considered to be essentially the first point in time where it becomes probable that future revenues can be generated. Given the current stage of the Group's development projects, no development expenditures have yet been capitalized. The Group has capitalized certain milestone payments with regard to license payments.

As of each reporting date, the Group estimates the level of service performed by the vendors and the associated costs incurred for the services performed. As part of the process of preparing the Group's financial statements, the Group is required to estimate its accrued expenses. This process involves reviewing contracts, identifying services that have been performed on the Group's behalf and estimating the level of service performed and the associated cost incurred for the service when it has not yet been invoiced or otherwise notified of the actual cost.

Employee benefits

The Group maintains a pension plan for all employees in Switzerland through payments to a legally independent collective foundation. This pension plan qualifies under IFRS as defined benefit pension plan.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The Company makes relevant actuarial assumptions with regard to the discount rate, future salary increases and life expectancy.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

All inter-company balances, transactions and unrealized gains on transactions have been eliminated in consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Chief Executive Officer is determined to be the Group's Chief Operating Decision Maker ("CODM"). The CODM assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are focusing on the development of pharmaceutical products for the treatment of inner ear and vestibular disorders. Financial information is only available for the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of IFRS 8, Operating Segments.

Foreign currency

Foreign currency transactions

Items included in the financial statements of Group entities are measured using the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not re-translated.

Foreign operations

Assets and liabilities of Group entities whose functional currency is other than CHF are included in the consolidation by translating the assets and liabilities into the reporting currency at the exchange rates applicable at the end of the reporting period. Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction).

These foreign currency translation differences are recognized in Other Comprehensive Loss and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Closing rates for the most significant foreign currencies:

Currency		Geographical area	Reporting entities	December 31, 2016	December 31, 2015	December 31, 2014
CHF	Swiss Franc	Switzerland	3	1.0000	1.0000	1.0000
USD	Dollar	United States	1	1.0196	1.0014	0.9895
EUR	Euro	Europe	1	1.0723	1.0875	1.2027

Average exchange rates for the year for the most significant foreign currencies:

Currency		Geographical area	Reporting entities	2016	2015	2014
CHF	Swiss Franc	Switzerland	3	1.0000	1.0000	1.0000
USD	Dollar	United States	1	0.9855	0.9613	0.9150
EUR	Euro	Europe	1	1.0901	1.0659	1.2144

Property and equipment

Property and equipment is measured at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the items. When parts of an item of tangible assets have different useful lives, they are accounted for as separate tangible asset items (major components). Depreciation is calculated on a straight-line basis over the expected useful life of the individual asset or the shorter remaining lease term for leasehold improvements. The applicable estimated useful lives are as follows:

Production equipment	5 years
Office furniture and electronic data processing equipment (“EDP”)	3 years
Leasehold improvements	5 years

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When an asset is reviewed for impairment, the asset's carrying amount may be written down immediately to its recoverable amount, provided the asset's carrying amount is greater than its estimated recoverable amount. Management assesses the recoverable amount by assessing the higher of its fair value less costs to sell or its value in use.

Cost and accumulated depreciation related to assets retired or otherwise disposed are removed from the accounts at the time of retirement or disposal and any resulting gain or loss is included in profit or loss in the period of disposition.

Intangible assets

Research and development

Expenditures on the Group's research programs are not capitalized, they are expensed when incurred.

Expenditures on the Group's development programs are generally not capitalized except if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. For the development projects of the Group, these criteria are generally only met when regulatory approval for commercialization is obtained. Given the current stage of the development projects, no development expenditures (other than certain milestone payments) have been capitalized in 2014 and 2015. Intellectual property-related costs for patents are part of the expenditure for research and development projects. Therefore, registration costs for patents are expensed when incurred as long as the research and development project concerned does not meet the criteria for capitalization.

Licenses

Intellectual property rights that are acquired by the Group are capitalized as intangible assets if they are controlled by the Group, are separately identifiable and are expected to generate future economic benefits, even if uncertainty exists as to whether the research and development will ultimately result in a marketable product. Consequently, upfront and milestone payments to third parties for the exclusive use of pharmaceutical compounds in specified areas of treatment are recognized as intangible assets.

Measurement

Intangible assets acquired that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

All licenses of the Group have finite lives. Amortization will commence once the Group's intangible assets are available for use which will be the case after regulatory approvals are obtained and the related products are available for use. Amortization of licenses is calculated on a straight line basis over the period of the expected benefit or until the license expires, whichever is shorter. The estimated useful life is 10 years or the remaining term of patent protection. The Group assesses at each statement of financial position date whether intangible assets which are not yet ready for use are impaired.

Impairment of non-financial assets

Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognized in profit or loss. Assets that were previously impaired are reviewed for possible reversal of the impairment at each reporting date. Any increase in the carrying amount of an asset will be based on the depreciated historical costs had the initial impairment not been recognized.

Financial instruments

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Recognition and derecognition of non-derivative financial assets and liabilities

The Group initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets and liabilities—measurement

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

The Group considers all short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less at the date of the purchase to be cash equivalents.

Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Share capital

All shares of the Company are registered shares and classified as part of shareholders’ equity. Incremental costs directly attributable to the issue of the Company’s shares, net of any tax effects, are recognized as a deduction from equity. The Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit (calculated as the difference between initial cost and fair value) on the transaction is presented within share premium.

Convertible loans

The component parts of convertible loans issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Impairment of non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at an individual asset level. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

Derivative Financial Instruments

Derivative financial instruments are accounted at fair value and changes in fair value are shown as profit or loss. The fair value calculation of the derivative financial instruments is based on the Black-Scholes option pricing model. Assumptions are made for volatility and the risk free rate in order to estimate the fair value of the instrument.

Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its tax assets and liabilities on a net basis.

Employee benefits

The Group maintains a pension plan for all employees in Switzerland through payments to a legally independent collective foundation. This pension plan qualifies under IFRS as defined benefit pension plan. There are no pension plans for the subsidiaries in Ireland and the United States.

The Group’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. Past service costs, including curtailment gains or losses, are recognized immediately in general and administrative expenses within the operating results. Settlement gains or losses are recognized in general and administrative expenses within the operating results. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period or in case of any significant events between measurement dates to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Share-based compensation

The Company maintains various share-based payment plans in the form of stock option plans for its employees, members of the Board of Directors as well as key service providers. Stock options are granted at the Board’s discretion without any contractual or recurring obligations.

The share-based compensation plans qualify as equity settled plans. The grant-date fair value of share-based payment awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The vesting of share options is conditional on the employee completing a period of service of three and four years respectively, from the grant date, in accordance with Stock Option Plans A and C. Under the Auris Medical Holding AG Long Term Equity Incentive Plan (the “Equity Incentive Plan” or “EIP”), 50% of granted share options granted to employees vest after a period of service of two years from the grant date and the remaining 50% vest after a period of service of three years from the grant date. Share options granted to members of the Board of Directors in 2016 and in 2015 vest after a period of one year after the grant date. Stock Option Plan B was created to provide shares for share based compensation plans; it was used in the years 2008, 2009 and 2014 and has been abolished in 2015.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. In the year the options are exercised the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Valuation of share options

Following the completion of our initial public offering, option pricing and values are determined based on the Black Scholes option pricing model and assumptions are made for inputs such as volatility of our stock and the risk free rate.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is more likely than not that an outflow of resources will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) attributable to owners of the Company by the weighted average number of shares outstanding during the period. Diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) attributable to the owners of the Company by the weighted average number of shares outstanding during the period adjusted for the conversion of all dilutive potential ordinary shares.

4. New standards, amendments and interpretations adopted by the group

In the current year, the following revised standards have been adopted in these financial statements. Adoption has not had a significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 1 amendments	Presentation of Financial Statements
Various	Annual Improvements to IFRSs:2012-2014 Cycle
IAS 16 & 38 amendments	Property Plant and Equipment, Intangible Assets
IFRS 10,12, & IAS 28 amendments	Consolidated Financial Statements, Disclosure of Interests in Other Entities
IFRS 14	Regulatory Deferral Accounts
IFRS 11 amendment	Joint Arrangement
IAS 16 & 41 amendments	Property Plant and Equipment, Agriculture
IAS 27 amendments	Consolidated and Separate Financial Statements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these consolidated financial statements.

Standard/Interpretation		**Impact**	**Effective date**	**Planned application by the Group**
New standards, interpretations or amendments				
IFRS 2	Amendment to IFRS 2, Classification and Measurement of Share-based Payment Transaction	1)	January 1, 2018	To be determined
IFRS 9	Financial Instruments	1)	January 1, 2018	To be determined
IFRS 15	Revenue from Contracts with Customers	1)	January 1, 2018	To be determined
IFRS 15	Amendments to IFRS 15 Contracts with Customers	1)	January 1, 2018	To be determined
IFRS 16	Leases	1)	January 1, 2019	To be determined
IAS 7	Amendments to IAS 7, Statement of Cash Flows	1)	January 1, 2017	FY 2017
IAS 12	Amendments to IAS 12, Income Taxes	1)	January 1, 2017	FY 2017
IFRS 4 / IFRS 9	Amendments to IFRS 4, Insurance Contracts	1)	January 1, 2018	To be determined

1) The impact on the consolidated financial statements of the Group cannot yet be determined with sufficient reliability.

5. Financial instruments and risk management

The following table shows the carrying amounts of financial assets and financial liabilities:

Financial assets	**December 31, 2016**	**December 31, 2015**
Available for sale		
Current financial assets	–	–
Loans and receivables		
Cash and cash equivalents	32,442,222	50,237,300
Other receivables	134,900	592,792
Total financial assets	**32,577,122**	**50,830,092**
Financial liabilities		
At amortized cost		
Trade and other payables	1,837,997	1,205,522
Accrued expenses	4,652,033	4,917,074
Loan	12,364,204	–
At fair value through profit and loss		
Derivative financial instruments	117,132	–
Total financial liabilities	**18,971,366**	**6,122,596**

Fair values

The carrying amount of cash and cash equivalents, other receivables, trade and other payables and accrued expenses is a reasonable approximation of their fair value due to the short term nature of these instruments.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, interest rate and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Management identifies, evaluates and controls financial risks. No financial derivatives have been used in 2016 and 2015 to hedge risk exposures. The Group invests its available cash in instruments with the main objectives of preserving principal, meeting liquidity needs and minimizing foreign exchange risks. The Group allocates its liquid assets to first tier Swiss or international banks.

Liquidity risk

The Group's principal source of liquidity is its cash reserves which are mainly obtained through the issuance of new shares. The Group has succeeded in raising capital to fund its development activities to date and has raised funds that will allow it to meet short term development expenditures. The Company will require regular capital injections to continue its development work, which may be dependent on meeting development milestones, technical results and/or commercial success. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium term is highly dependent on the Group's ability to raise further funds. Consequently, the Group is exposed to continued liquidity risk.

The table below analyses the remaining contractual maturities of financial liabilities, including estimated interest payments as of December 31, 2016 and 2015. The amounts disclosed in the table are the undiscounted cash flows:

	Carrying amount	**Less than 3 months**	**Between 3 months and 2 years**	**2 years and later**	**Total**
December 31, 2016					
Trade and other payables	1,837,997	1,837,997	–	–	1,837,997
Accrued expenses	4,652,033	3,632,752	1,019,281	–	4,652,033
Loan and borrowings	12,364,204	311,013	8,725,772	6,834,249	15,871,034
Derivative financial instruments	117,132	–	–	117,132	117,132
Total	**18,971,366**	**5,781,762**	**9,745,053**	**6,951,381**	**22,478,196**

December 31, 2015	Carrying amount	Less than 3 months	Between 3 months and 2 years	2 years and later	Total
Trade and other payables	1,205,522	1,205,522	–	–	1,205,522
Accrued expenses	4,917,074	4,780,737	136,337	–	4,917,074
Total	**6,122,596**	**5,986,259**	**136,337**	**–**	**6,122,596**

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as from other receivables. The Company's policy is to invest funds in low risk investments including interest bearing deposits. Other receivables were current as of December 31, 2016 and December 31, 2015, not impaired and included only well-known counterparties.

The Group has been holding cash and cash equivalents in the Group's principal operating currencies (CHF, USD and EUR) with international banks of high credit rating.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position:

Financial assets	December 31, 2016	December 31,2015
Cash and cash equivalents	32,442,222	50,237,300
Other receivables	134,900	592,792
Total	**32,577,122**	**50,830,092**

As of December 31, 2016 and December 31, 2015 other receivables consisted of other non-current receivables from third party and deposits for rent. As of December 2015, other receivables also included advance payments to suppliers.

Market risk

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various exposures, primarily with respect to US Dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The summary of quantitative data about the exposure of the Group's financial assets and liabilities to currency risk was as follows:

	2016		2015	
in CHF	USD	EUR	USD	EUR
Other receivables	–	–	158,625	286,313
Cash and cash equivalents	31,124,874	444,075	44,643,328	193,366
Trade and other payables	(501,249)	(847,892)	(284,620)	(189,393)
Accrued expenses	(1,031,096)	(2,964,552)	(2,046,276)	(2,638,638)
Loan and borrowings	(12,364,204)	–	–	–
Derivative financial instruments	(117,132)	–	–	–
Net statement of financial position exposure - asset/(liability)	**17,111,193**	**(3,368,369)**	**42,471,057**	**(2,348,352)**

As of December 31, 2016, a 5% increase or decrease in the USD/CHF exchange rate with all other variables held constant would have resulted in a CHF 872,443 (2015: CHF 2,135,522) increase or decrease in the net result. Also, a 5% increase or decrease in the EUR/CHF exchange rate with all other variables held constant would have resulted in a CHF 180,595 (2015: CHF 127,692) increase or decrease in the net result.

The Company has subsidiaries in the United States and Ireland, whose net assets are exposed to foreign currency translation risk. Due to the small size of the subsidiaries the translation risk is not significant.

Interest rate risk

On July 19, 2016, the Company entered into a Loan and Security Agreement for a secured term loan facility of up to $20.0 million with Hercules Capital, Inc. as administrative agent ("Hercules") and the lenders party thereto. An initial tranche of $12.5 million was drawn on July 19, 2016, concurrently with the execution of the loan agreement. The loan matures on January 2, 2020 and bears interest at a minimum rate of 9.55% per annum, and is subject to the variability of the prime interest rate. The Company's exposure to interest rates on financial assets and financial liabilities is resulting from loan and cash at banks. As of December 31, 2016 an increase or decrease in interest rates on financial obligations by 50 basis points effective July 19, 2016 with all other variables held constant would have resulted in a CHF 28,276 (2015: immaterial effect) increase or decrease in the net result.

Capital risk management

The Company and its subsidiaries are subject to capital maintenance requirements under local law in the country in which it operates. To ensure that statutory capital requirements are met, the Company monitors capital, at the entity level, on an interim basis as well as annually. From time to time the Company may take appropriate measures or propose capital increases to ensure the necessary capital remains intact.

6. Segment information

Geographical information

The Group's non-current assets by the Company's country of domicile were as follows:

	December 31, 2016	December 31, 2015
Switzerland	1,966,592	1,743,156
Total	**1,966,592**	**1,743,156**

Non-current assets exclude financial instruments.

7. Property and Equipment

	Production equipment	Office furniture and EDP	Leasehold improvements	Total
At cost				
As of January 1, 2015	**230,249**	**182,042**	**17,132**	**429,423**
Additions	53,250	26,670	–	79,920
As of December 31, 2015	**283,499**	**208,712**	**17,132**	**509,343**
Additions	–	24,994	219,330	244,324
As of December 31, 2016	**283,499**	**233,706**	**236,462**	**753,667**
Accumulated depreciation				
As of January 1, 2015	**(73,592)**	**(114,539)**	**(5,865)**	**(193,996)**
Charge for the year	(54,037)	(35,334)	(3,406)	(92,777)
As of December 31, 2015	**(127,629)**	**(149,873)**	**(9,271)**	**(286,773)**
Charge for the year	(56,700)	(33,837)	(7,063)	(97,600)
As of December 31, 2016	**(184,329)**	**(183,710)**	**(16,334)**	**(384,373)**
Net book value				
As of December 31, 2015	**155,870**	**58,839**	**7,861**	**222,570**
As of December 31, 2016	**99,170**	**49,996**	**220,128**	**369,294**

As of December 31, 2016, and 2015 no items of property and equipment were pledged. Refer to note 24 for security provided to Hercules Capital, Inc under the Loan and Security Agreement.

8. Intangible assets

	Licences
At cost	
As of January 1, 2015	1,482,520
As of December 31, 2015	1,482,520
As of December 31, 2016	1,482,520
Accumulated amortization and impairment losses	
As of December 31, 2015	–
As of December 31, 2016	–
Net book value	
As of December 31, 2015	1,482,520
As of December 31, 2016	1,482,520

Intangible assets comprise upfront and milestone payments related to licenses. In 2013 a milestone of CHF 1,125,000 related to the AM-111 program was recorded. Amortization will commence once the intangible assets are available for use, which will be the case after regulatory approvals are obtained and the related products are available for use.

No amortization or impairment was recorded in 2016 and 2015.

9. Other receivables

	December 31, 2016	December 31, 2015
Advance payments to suppliers	–	465,624
Value added tax receivable	132,570	82,468
Withholding tax receivable	23,644	13,522
Deposit credit cards	79,900	–
Other	60,417	89,102
Total other receivables	**296,531**	**650,716**

Other receivables were not considered impaired in the years under review.

10. Prepayments

	December 31, 2016	December 31, 2015
Advance payments to supplier	759,716	–
Clinical projects and related activities	41,681	–
Insurance	151,198	179,674
Other	–	1,370
Total prepayments	**952,595**	**181,044**

11. Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash in bank accounts	32,441,968	50,235,869
Cash on hand	254	1,431
Total cash and cash equivalents	**32,442,222**	**50,237,300**

12. Capital and reserves

Share capital

The issued share capital of the Company at December 31 consisted of:

	December 31, 2016		December 31, 2015	
	Number	CHF	Number	CHF
Common shares with a nominal value of CHF 0.40 each	34,329,704	13,731,881	34,303,891	13,721,556
Total	**34,329,704**	**13,731,881**	**34,303,891**	**13,721,556**

	Common Shares (Number)	
	2016	2015
As of January 1	34,303,891	29,010,391
Common shares issued or for stock options exercises with a nominal value of CHF 0.40 each		18,500
Common shares issued for the follow-on offering with a nominal value of CHF 0.40 each		5,275,000
Restricted shares issue for bonus purposes nominal value of CHF 0.40 each	25,813	
Total, as of December 31	**34,329,704**	**34,303,891**

Follow-On Offering on Nasdaq Global Market

On May 20, 2015, the Company completed a public offering of 5,275,000 shares, yielding net proceeds after underwriting discounts of USD 23.6 million (CHF 21.7 million). Offering costs associated with the follow-on amounted to CHF 643,796. Following the offering (and settlement of the employee options mentioned below) there were 34,303,891 common shares of the Company outstanding as of December 31, 2015.

Issuance of common shares upon exercise of options

In 2015, beneficiaries of Stock Option Plan A exercised their right to acquire common shares of the Company at CHF 3.20 per share. This resulted in an increase in the number of outstanding common shares of 18,500 and an increase in the share capital of CHF 7,400. Total proceeds from the exercise to the Company were CHF 59,200.

Issuance of common shares with restrictions

For the business year 2015, 25,813 restricted common shares with a nominal value of CHF 0.40 were awarded and issued on January 7, 2016 under the Equity Incentive Plan for the purpose of share based bonus payments. The shares are fully vested on the grant date but remain subject to transfer restrictions for a period until January 7, 2019. The Company recorded a payroll charge of CHF 188,092 in 2015.

Controlled Equity Offering

On June 1, 2016, we entered into a Controlled Equity Offering^{SM} Sales Agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co. (“Cantor”), pursuant to which we may offer and sell, from time to time common shares, with a nominal value of CHF 0.40 per share, having an aggregate offering price of up to $35 million through Cantor. Any common shares offered and sold will be issued pursuant to our shelf registration statement on F-3 (Registration No. 333-206710) as supplemented by a prospectus supplement, dated June 1, 2016. In 2016, we did not offer or sell any common shares under the Sales Agreement.

Authorized share capital

After the follow-on offering in May 2015 and as of December 31, 2015, the authorized capital amounted to CHF 1,204,706 or 3,011,765 registered shares with a nominal value of CHF 0.40 each.

On April 8, 2016, the annual general meeting of shareholders revised the provisions related to authorized and contingent capital of the Company and approved an increase and extension of the authorized share capital. As of December 31, 2016, the Company's authorized capital amounted to CHF 6,860,000 and allowed to Board of Directors, subject to the terms and conditions set forth in the Articles of Association, to issue up to 17,150,000 fully paid registered shares with a nominal value of CHF 0.40 each.

Conditional share capital

The share capital may be increased by the issuance of up to 5,000,000 fully paid registered Common Shares with a nominal value of CHF 0.40 per share and to the maximum amount of CHF 2,000,000 in execution of subscription rights, which may be granted to employees, members of the Board of Directors as well as key service providers (see Note 13 for further reference).

The Company's share capital may be further increased by the issuance of up to 12,150,000 fully paid registered Common Shares with a nominal value of CHF 0.40 per share and to the maximum amount of CHF 4,860,000 in execution of conversion rights in connection with warrants and convertible bonds of the Company. For the terms of the warrant issued to Hercules, refer to Note 24.

13. Share based compensation

Description

On November 21, 2008, the Company established share option programs ("Stock Option Plans A and B") for employees, members of the Board of Directors as well as key service providers to purchase shares in the Company. Stock Option Plan A was amended and superseded by an updated version effective November 24, 2009, and replaced with amendments by Stock Option Plan C for any future option grants effective April 5, 2013. Grants under Stock Option Plan A and subsequently under Stock Option Plan C were offered in each year with vesting periods of three and four years; grants under Stock Option Plan B were made in 2008, 2009 and 2014 only. Stock Option Plan B was abolished in 2015 and no grants under Stock Option Plan B were made in 2015. In 2014, the Group introduced a further equity incentive plan, the EIP. The Company granted 555,660 options in 2016 (2015: 234,750) under the EIP.

For the business year 2015, the Company granted 25,813 restricted shares to employees under the Equity Incentive Plan on January 7, 2016. The grant price for these awards was the closing price of our shares on January 7, 2016 (USD 7.08) and resulted in a total payroll charge of CHF 188,092. These shares vest upon grant and have a sale restriction for a period of 3 years.

Holders of vested options are entitled to purchase common shares of the Company. For the stock option plans that were in place before the IPO, the exercise price corresponded to the value per share at the most recent financing round. Under the Equity Incentive Plan, the Board of Directors defined the exercise price as the average daily closing price of the Company's shares during the 30 days preceding the date of grant. All options are to be settled by the physical delivery of shares. The key terms and conditions related to the grants under these programs are as follows:

Plan	Number of options outstanding	Vesting conditions	Contractual life of options
Stock option Plan A	92,500	3 years' service from grant date	5 years
Stock option Plan C	121,250	4 years' service from grant date	6 years
Equity Incentive Plan Board	102,500	1 year service from grant date	8 years
Equity Incentive Plan Employees / Board*	360,945	2 years' service from grant date (50%)	8 years
Equity Incentive Plan Employees / Board*	360,945	3 years' service from grant date (50%)	8 years

* 25,000 options issued to Bettina Stubinski, the former Chief Medical Officer of the Company, have vested early, on December 29, 2016 and will expire on March 29, 2017.

Measurement of fair values

The fair value of the options was measured based on the Black-Scholes formula.

	Stock Option Plan			
	Equity Incentive Plan 2016	**Equity Incentive Plan 2016**	**Equity Incentive Plan 2015**	**Equity Incentive Plan 2015**
Fair value at grant date	USD 0.308 (1 year vesting) USD 0.472 (2 year vesting) USD 0.583 (3 year vesting)	USD 1.094 (1 year vesting) USD 1.560 (2 year vesting) USD 1.888 (3 year vesting)	USD 1.161 (1 year vesting) USD 1.679 (2 year vesting) USD 2.052 (3 year vesting)	USD 2.289 (2 year vesting) USD 2.773 (3 year vesting)
Share price at grant date	USD 1.03	USD 3.66	USD 4.33	USD 5.75
Exercise price	USD 1.39	USD 3.92	USD 4.68	USD 5.98
Expected volatility	100.93%	82.00%	74.20%	74.20%
Expected life	1,2 and 3 years	1,2 and 3 years	1, 2 and 3 years	2 and 3 years
Expected dividends	–	–	–	–
Risk-free interest rate	1.84%	1.83%	2.28%	2.06%

The Company has historically been a private company and started trading publicly in August 2014. Therefore, for the March 2015 grants under the EIP the Company lacks significant Company-specific historical and implied volatility information. For the aforementioned grants, the Company estimates expected volatility based on comparable public company data for these grants. For September 2015 award under the EIP and any grant thereafter, the Company used its own historic volatility. The expected life of all options is assumed to correspond to the vesting period.

The total expense recognized for equity-settled share-based payment transactions were CHF 290,783 in 2016 (2015: CHF 311,671, 2014: 270,747).

The number and weighted average exercise prices (in CHF) of options under the share option programs for Stock Option Plan A, Stock Option Plan C and the EIP are as follows:

	2016			2015		
	Number of options	**Weighted average exercise price**	**Weighted average remaining term**	**Number of options**	**Weighted average exercise price**	**Weighted average remaining term**
Outstanding at January 1	629,010	4.92	5.42	419,010	4.61	4.86
Expired during the year	(17,500)	0	0	0	0	0
Forfeited during the year	(129,030)	0	0	(6,250)	0	0
Exercised during the year	0	0	0	(18,500)	3.20	0
Granted during the year	555,660	1.99	7.81	234,750	5.31	7.61
Outstanding at December 31	**1,038,140**	**3.36**	**6.14**	**629,010**	**4.92**	**5.42**
Exercisable at December 31	199,005	4.56	3.11	71,250	4.15	1.31

The range of exercise prices for outstanding options was CHF 1.35 to CHF 6.01 as of December 31, 2016 and CHF 3.20 to CHF 6.01 as of December 31, 2015.

14. Trade and other payables

	December 31, 2016	**December 31, 2015**
Trade accounts payable - third parties	1,733,319	965,472
Other	104,678	240,050
Total trade and other payables	**1,837,997**	**1,205,522**

15. Accrued expenses

	December 31, 2016	December 31, 2015
Accrued research and development costs including milestone payments	4,307,089	4,403,622
Professional fees	316,470	291,629
Accrued vacation & overtime	115,749	44,238
Employee benefits incl. share based payments	138,960	188,092
Board of Directors fees	1,529	-
Other	26,945	33,731
Total accrued expenses	**4,906,742**	**4,961,312**

16. Research and development expense

	December 31, 2016	December 31, 2015	December 31, 2014
Pre-clinical projects	546,429	468,326	1,160,058
Clinical projects	16,639,304	20,808,025	12,141,571
Drug manufacturing and substance	2,608,814	1,866,148	1,383,581
Employee benefits and expenses	2,854,624	2,140,664	1,718,212
Lease expenses	84,344	42,953	68,082
Patents and trademarks	941,836	824,201	665,023
Regulatory projects	1,043,287	331,822	519,104
Depreciation tangible assets	58,125	54,037	48,830
Total research and development expense	**24,776,763**	**26,536,176**	**17,704,461**

17. General and administrative expense

	December 31, 2016	December 31, 2015	December 31, 2014
Employee benefits and expenses	2,174,543	1,502,900	1,136,677
Business development	45,649	72,562	237,720
Travel expenses	158,774	257,454	169,602
Administration expenses	2,969,796	2,386,791	2,014,178
IPO expenses, expensed	–	–	822,367
Lease expenses	63,695	59,665	35,072
Depreciation tangible assets	39,475	38,740	25,153
Capital tax expenses	(5,420)	23,458	48,281
Total general and administrative expenses	**5,446,512**	**4,341,570**	**4,489,051**

As of March 31, 2014, management determined that a successful completion of an IPO was not deemed to be more likely than not thus CHF 822,367 were expensed in the first quarter of 2014.

18. Employee benefits

	December 31, 2016	December 31, 2015	December 31, 2014
Salaries	3,662,180	2,833,741	2,259,112
Pension costs	342,805	282,517	118,755
Other social benefits	301,537	191,079	131,939
Share based payments costs	290,783	311,671	270,748
Recruitment costs	391,035	–	–
Other personnel expenditures	40,827	24,557	74,334
Total employee benefits	**5,029,167**	**3,643,565**	**2,854,888**

Benefit plans

The Company participates in a retirement plan (the “Plan”) organized as an independent collective foundation, that covers all of its employees in Switzerland, including management. The collective foundation is governed by a foundation board. The board is made up of an equal number of employee and employer representatives of the affiliated companies. The Company has no direct influence on the investment strategy of the collective foundation. Moreover, certain elements of the employee benefits are defined in the same way for all affiliated companies. This is mainly related to the annuity factors at retirement and to interest allocated on retirement savings. The employer itself cannot determine the benefits or how they are financed directly. The foundation board of the collective foundation is responsible for the determination of the investment strategy, for making changes to the pension fund regulations and in particular, also for defining the financing of the pension benefits.

The old age benefits are based on retirement savings for each employee, coupled with annual retirement credits and interest (there is no possibility to credit negative interest). At retirement age, the insured members can choose whether to take a pension for life, which includes a spouse’s pension, or a lump sum. In addition to retirement benefits, the plan benefits also include disability and death benefits. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules of the plan and may withdraw funds early for the purchase of a residential property for their own use subject to limitations under Swiss law. On leaving the Company, retirement savings are transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years. In defining the benefits, the minimum requirements of the Swiss Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. In Switzerland, the minimum interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2014 and 2015 the rate was 1.75% and 1.25% in 2016.

The assets are invested by the collective foundation in a diversified portfolio that respects the requirements of the Swiss BVG. Under the Plan, both the Company and the employee share the costs equally. The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, interest risk, disability risk and the risk of longevity. Through the affiliation to a collective foundation, the Company has minimized these risks, since they are shared between a much greater number of participants.

The following tables present information about the net defined benefit liability and its components:

Change in defined benefit obligation

	2016	**2015**
Defined benefit obligation at January 1	5,427,776	4,895,667
Service costs	319,173	261,778
Plan participants' contribution	218,275	171,196
Interest cost	62,916	58,943
Actuarial losses	417,937	7,750
Transfer-out amounts	(1,276,315)	(353,925)
Transfer-in amounts of new employees	1,953,079	386,367
Defined benefit obligation at December 31	**7,122,841**	**5,427,776**

The defined benefit obligation includes only liabilities for active employees. The weighted average modified duration of the defined benefit obligation at December 31, 2016 is 21.7 years (2015: 22.4 years).

Change in fair value of plan assets

	2016	2015
Fair value of plan assets at January 1	3,851,943	3,485,069
Interest income	47,994	44,070
Return on plan assets excluding interest income	23,835	(46,164)
Employer contributions	220,306	171,196
Plan participants' contributions	218,275	171,196
Transfer-out amounts	(1,276,315)	(353,925)
Transfer-in amounts of new employees	1,953,079	386,367
Administration expense	(8,710)	(5,866)
Fair value of plan assets at December 31	**5,030,407**	**3,851,943**

Net defined benefit liability recognized in the statement of financial position

	December 31, 2016	December 31, 2015
Present value of funded defined benefit obligation	7,122,841	5,427,776
Fair value of plan assets	(5,030,407)	(3,851,943)
Net defined benefit liability	**2,092,434**	**1,575,833**

Defined Benefit Cost

	2016	2015	2014
Service cost	319,173	261,778	111,513
Net interest expense	14,922	14,873	4,188
Administration expense	8,710	5,866	3,054
Total defined costs for the year recognized in profit or loss	**342,805**	**282,517**	**118,755**

Remeasurement of the Defined Benefit Liability

	2016	2015	2014
Actuarial loss (gain) arising from changes in financial assumptions	412,396	(167,623)	699,456
Actuarial loss arising from experience adjustments	264,417	175,375	784,766
Actuarial gain arising from demographic assumptions	(258,876)	–	–
Return on plan assets excluding interest income	(23,835)	46,164	(382,755)
Total defined benefit cost for the year recognized in the other comprehensive loss	**394,102**	**53,916**	**1,101,467**

Assumptions

At December 31	2016	2015	2014
Discount rate	0.70%	1.10%	1.20%
Future salary increase	1.10%	1.10%	1.50%
Pension indexation	0.00%	0.00%	0.00%
Mortality and disability rates	BVG2015G	BVG 2010G	BVG 2010G

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

December 31,	**2016**	**2015**
Chance in assumption	0.25 % increase	0.25 % increase
Discount rate	(324,057)	(248,110)
Salary increase	42,181	39,749
Pension indexation	201,221	148,095
Change in assumption	+ 1 year	+ 1 year
Life expectancy	167,161	106,136

19. Finance income and finance expense

	2016	**2015**	**2014**
Interest income	67,565	36,562	52,133
Net foreign currency exchange gain	843,950	1,806,206	4,164,189
Revaluation gain from derivative financial instruments	291,048	–	–
Total finance income	**1,202,563**	**1,842,768**	**4,216,322**
Interest expense related parties	–	–	49,635
Interest expense (incl. Bank charges)	828,547	7,985	6,175
Net foreign currency exchange loss	944,047	662,100	152,015
Total finance expense	**1,772,594**	**670,085**	**207,825**
Finance income/(expense), net	**(570,031)**	**1,172,683**	**4,008,497**

In 2014, interest expense on convertible loans of CHF 49,635 did not result in a net cash outflow. In 2016, net foreign currency exchange gains contain translation gains of CHF 396,665 (2015: CHF 1,154,513; 2014: CHF 3,961,731) which arose on the Company's USD and EUR denominated cash and cash equivalents. In 2016, interest expenses include interest paid to Hercules Capital, Inc. under the Loan and Security Agreement in an amount of CHF 546,170.

20. Taxation

The Group's income tax expense recognized in the consolidated statement of profit or loss and other comprehensive loss was as follows:

	2016	**2015**	**2014**
Deferred income tax expense	–	(32,761)	(32,761)
Deferred income tax gain	131,055	32,761	32,761
	131,055	**–**	**–**

The Group's effective income tax expense differed from the expected theoretical amount computed by applying the Group's applicable weighted average tax rate of 21.5% in 2016 (2015: 21.9%, 2014: 23%) as summarized in the following table:

Reconciliation	2016	2015	2014
Loss before income tax	(30,793,306)	(29,705,063)	(18,185,015)
Income tax at statutory tax rates applicable to results in the respective countries	6,629,237	6,493,569	4,177,780
Effect of unrecognized temporary differences	(27,072)	(105,395)	(273,073)
Effect of unrecognized taxable losses	(6,360,837)	(6,438,609)	(4,160,118)
Effect of previously unrecognised deferred tax asset	131,055		
Effect of expenses deductible for tax purposes	2,505		
Effect of expenses not considerable for tax purposes	23,716		
Effect of impact from application of different tax rates	(267,695)		
Effect of unrecognized deferred tax due to change in income tax rate	–		156,005
Effect of unrecognized taxable losses in equity	146	50,435	99,406
Income tax (expense)/income	**131,055**	**–**	**–**

The tax effect of taxable temporary differences that give rise to deferred income tax liabilities or to deferred income tax assets as of December 31 is presented below:

Deferred Tax Liabilities	December 31, 2016	December 31, 2015
Intangible assets	(327,637)	(327,637)
Hercules Loan Facility and Warrant	(76,390)	–
Total	**(404,027)**	**(327,637)**

Deferred Tax Asset	December 31, 2016	December 31, 2015
Net operating loss (NOL)	207,445	–
Total	**207,445**	**–**
Deferred Tax, net	**(196,582)**	**(327,637)**

Deferred Tax 2016	Opening Balance	Recognized in Profit or Loss	Recognized in Equity	Closing Balance
Intangible assets	(327,637)	–	–	(327,637)
Hercules Loan Facility and Warrant	–	(76,390)	–	(76,390)
Net operating loss (NOL)	–	207,445	–	207,445
Total	**(327,637)**	**131,055**	**–**	**(196,582)**

Deferred Tax 2015	Opening Balance	Recognized in Profit or Loss	Recognized in Equity	Closing Balance
Intangible assets	(327,637)	–	–	(327,637)
Provisions	(32,761)	32,761	–	–
Net operating loss (NOL)	32,761	(32,761)	–	–
Total	**(327,637)**	**–**	**–**	**(327,637)**

As of December 31, 2016, the Group had total gross tax loss carry forwards amounting to CHF 115.4 million (2015: CHF 86 million), of which CHF 114.3 million related to Auris Medical AG, Auris Medical Holding AG and Otolanum AG in Switzerland and CHF 1.1 million to Auris Medical Inc. in the United States (2015: CHF 84.9 million for Auris Medical AG and Otolanum AG and CHF 1.1 million for Auris Medical Inc.).

The Group's tax loss carry-forwards with their expiry dates are as follows:

	December 31, 2016	December 31, 2015
Within 1 year	1,859,601	1,686,986
Between 1 and 2 years	9,928,391	3,613,999
Between 3 and 7 years	102,542,641	79,651,641
More than 7 years	1,087,543	1,073,609
Total	**115,418,176**	**86,026,235**

The tax effect of the major unrecognized temporary differences and loss carry-forwards is presented in the table below:

	December 31, 2016	December 31, 2015
Deductible temporary differences		
Employee benefit plan	450,227	348,259
Stock option plans	–	183,023
Total potential tax assets	**450,227**	**531,282**
Taxable unrecognized temporary differences		
Property and equipment	–	–
Total unrecognized potential tax liabilities	–	–
Offsetting potential tax liabilities with potential tax assets	–	–
Net potential tax assets from temporary differences not recognized	450,227	531,282
Potential tax assets from loss carry-forwards not recognized	25,082,968	19,049,472
Total potential tax assets from loss carry-forwards and temporary differences not recognized	**25,533,195**	**19,580,754**

21. Loss per share

	December 31, 2016	December 31, 2015	December 31, 2014
Loss attributable to owners of the Company	(30,662,251)	(29,705,063)	(18,185,015)
Weighted average number of shares outstanding	34,329,280	32,299,166	27,692,494
Basic and diluted loss per share	**(0.89)**	**(0.92)**	**(0.66)**

For the years ended December 31, 2016 and 2015 basic and diluted loss per share is based on the weighted average number of shares issued and outstanding and excludes shares to be issued under the Stock Option Plans (Note 13) and the warrant issued to Hercules (Note 24) as they would be anti-dilutive. As of December 31, 2016, the Company has 1,038,140 options outstanding under its stock option plans. The average number of options outstanding between January 1, 2016 and December 31, 2016 was 769,529 (524,010 for the period between January 1, 2015 and December 31, 2015). As of December 31, 2016, the Company issued warrants to purchase up to 241,117 of its common shares outstanding.

22. Commitments and contingencies

Operating lease commitments

On October 1, 2016, the Group entered into a lease for a new office space under an operating lease agreement. The lease has a five year fixed term, subject to a one-time cancellation option effective as per September 30, 2019. Effective December 31, 2016, the Group entered into a termination agreement related to a lease entered into on April 1, 2013.

The future minimum lease payments under non-cancellable operating leases that are not accounted for in the statement of financial position were as follows:

	December 31, 2016	December 31, 2015
Within one year	161,110	100,572
Between one and five years	607,161	114,465
Total	**768,271**	**215,037**

Office lease expenses of CHF 148,039, CHF 107,450 and CHF 99,072 were booked in 2016, 2015 and 2014, respectively, in the consolidated statement of profit or loss and other comprehensive loss.

23. Related party transactions

For purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Also, parties under common control of the Group are considered to be related. Key management personnel are also related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Compensation of the members of the Board of Directors and Management

In 2016, the total compensation paid to management amounted to CHF 1,871,406 (2015: CHF 1,619,208; 2014: CHF 1,220,677). The fees paid to members of the Board of Directors in 2016 for their activities as board members totaled CHF 364,276 (2015: CHF 329,827; 2014: CHF 143,647).

Up to the Company's IPO, non-executive directors received part or all of their remuneration in stock options; travel and out of pocket expenses were reimbursed in cash by the Group. Executive directors and directors delegated and remunerated by a shareholder for its representation on the Board were not entitled to any specific remuneration for their Board membership and work. Following the IPO, the Board's remuneration policy was modified in that all non-executive directors received remuneration for their work as members of the Board as well as of the newly constituted Compensation Committee and Audit Committee.

	Executive Management			Board of Directors			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Short term benefits	1,554,850	1,363,796	1,008,817	325,493	268,810	81,567	1,880,343	1,632,606	1,090,384
Post-employee benefits years	88,838	78,721	63,386	–	–	–	88,838	78,721	63,386
Share-based payment charge	217,981	176,691	148,474	103,380	61,017	62,080	321,361	237,708	210,554
Total	**1,861,669**	**1,619,208**	**1,220,677**	**428,873**	**329,827**	**143,647**	**2,290,542**	**1,949,035**	**1,364,324**

In 2016, CHF 321,361 (2015: CHF 237,708; 2014: CHF 210,554) was expensed for grants of stock options to members of the Board of Directors and management. The 2016 share based payment charge shown above excludes adjustments for instruments forfeited in 2016 due to termination of service. Contributions to pension schemes amounted to CHF 88,838, CHF 78,721 and CHF 63,386 during the years 2016, 2015 and 2014, respectively. No termination benefits or other long term benefits were paid.

Members of the Board of Directors and management held 656,355, 457,510 and 287,510 stock options as of December 31, 2016, 2015, and 2014, respectively.

For the business year 2015, the Company granted 25,813 (2014: 20,881) restricted shares to employees under the Equity Incentive Plan (2014: Stock Option Plan B). The grant price for the 2015 awards was the closing price of our shares on January 7, 2016 (USD 7.08) and resulted in a total payroll charge of CHF 188,092 (2014: CHF 92,565). These shares vest upon grant and have a sale restriction for a period of 3 years. For the 2016 business year, no restricted shares were issued.

Controlled Equity Offering ***SM***

Thomas Meyer, our Chief Executive Officer, or the Share Lender, has entered into a share lending agreement with Cantor to facilitate the timely settlement of common shares sold under the Sales Agreement with Cantor. Pursuant to the terms of the share lending agreement, the Share Lender will lend common shares to Cantor so that those common shares may be delivered by Cantor to purchasers of common shares sold in the offering. Cantor will return common shares to the Share Lender upon the issuance of new common shares by the Company to Cantor. Neither the Company nor the Share Lender will receive any compensation for this arrangement.

24. Loan and Warrant

On July 19, 2016, the Company entered into a Loan and Security Agreement for a secured term loan facility of up to $20.0 million with Hercules, as administrative agent and the lenders party thereto. An initial tranche of $12.5 million was drawn on July 19, 2016, concurrently with the execution of the loan agreement. The loan matures on January 2, 2020 and bears interest at a minimum rate of 9.55% per annum, and is subject to the variability of the prime interest rate. The loan is secured by a pledge of the shares in Auris Medical AG owned by the Company, all intercompany receivables owed to the Company by its Swiss subsidiaries and a security assignment of the Company's bank accounts.

The loan was initially recognized at transaction value less the fair value of the warrant as of the transaction date and less directly attributable transactions costs. Following the initial recognition, the loan is measured at amortized cost using the effective interest method. As of December 31, 2016, the loan is valued at CHF 12,364,204. Of the CHF 12,364,204 an amount of CHF 2,212,706, reflecting amortization payments due within the next 12 months, is classified as current liability and the remainder as non-current liability. In connection with the loan facility, the Company issued Hercules a warrant to purchase up to 241,117 of its common shares at an exercise price of $3.94 per share. As of July 19, 2016, the warrant is exercisable for 156,726 common shares. Upon Hercules making the second advance under the loan facility, the warrant shall become exercisable for the additional 84,391 common shares. The warrant expires on July 19, 2023. The fair value calculation of the warrant is based on the Black-Scholes option pricing model. Assumptions are made regarding inputs such as volatility and the risk free rate in order to determine the fair value of the warrant. As the warrant is part of the loan transaction, its initial fair value was deducted from the loan proceeds and accounted for as non-current financial liability. Following the initial recognition, the warrant is measured at fair value and changes in fair value are shown as profit or loss.

As of December 31, 2016 the fair value of the warrant amounts to CHF 117,132. Since its initial recognition, the fair value decreased by CHF 291,048 resulting in a gain in the corresponding amount (fair value as of July 19, 2016: CHF 408,180).

25. Events after the balance sheet date

Interference Proceedings

On July 20, 2015, the USPTO declared Patent Interference No. 106,030 involving the Company's issued U.S. patent No. 9,066,865 (the "'865 Patent") and Otonomy's U.S. patent application No. 13/848,636 (the "'636 Application"). The patent interference identified claims 1-9 in the '865 Patent as interfering with claims 38, 43 and 46-50 of the '636 Application. The '865 Patent discloses methods of treating inner or middle ear diseases with intratympanic injections of poloxamer-based compositions. The claims of the '865 Patent are directed to the use of fluoroquinolone antibiotics in poloxamer 407 compositions under certain specifications. On January 26, 2017, the USPTO issued a decision on the interference granting Auris benefit of priority. As a result of the decision, judgment was entered against Otonomy and all claims in the '636 Application were refused. In addition, claims 1-8 of the '865 Patent were cancelled as the result of the USPTO's determination that the written description of the specification lacked full scope support for treating middle or inner ear disease with fluoroquinolone. However, claim 9, which is directed to a method of treating viral and bacterial infections with intratympanic injection of a fluoroquinolone antibiotic in a poloxamer 407 composition under certain specifications, was affirmed. The USPTO's decision is not final and may be appealed. Although the Company is still analyzing what effect, if any, the cancellation of claims 1-8 of the '865 Patent will have on the remainder of the '865 patent family, the Company does not expect the interference proceedings to impact its intellectual property portfolio relating to Keyzilen® and AM-111. However, given that the USPTO's decision is subject to appeal, there can be no assurance that the final outcome of the interference proceedings will not have a material adverse effect on the Company's intellectual property portfolio.

Otifex

On February 2, 2017, the Company entered into an asset purchase agreement with Otifex, pursuant to which the Company agreed to purchase and Otifex has agreed to sell certain preclinical and clinical assets related to a formulation for the intranasal application of Betahistine, which the Company refers to as AM-125. The Company plans to develop the formulation for vestibular disorders. The asset purchase agreement provides for an upfront and a development milestone payment which, in the aggregate, equal an amount less than $500,000.

Equity Offering

On February 21, 2017, the Company completed a public offering of (the "Offering") 10,000,000 common shares with a nominal value of CHF 0.40 each and 10,000,000 warrants, each warrant entitling its holder to purchase 0.70 of a common share. The net proceeds to the Company from the Offering were approximately CHF 9.2 million ($9.1 million), after deducting underwriting discounts and other estimated offering expenses payable by the Company.

Roth Capital Partners, LLC (the "Underwriter") was granted a 30-day option to purchase up to 1,500,000 additional common shares and/or 1,500,000 additional warrants. All of the common shares and warrants in the Offering were sold by the Company. On February 15, 2017, the Underwriter partially exercised its 30-day option to purchase additional common shares and/or warrants in the amount of 1,350,000 warrants.

The warrants are exercisable beginning on the date of issuance, and at any time up to five years from the date of issuance. Each warrant represents the right to purchase 0.70 of a common share at an exercise price equal to $1.20 per share. The exercise price is subject to adjustment upon the occurrence of certain events; provided that in no event will the exercise price per share be lower than the nominal value of a common share at the time of exercise.

AURIS MEDICAL HOLDING AG, ZUG

Financial Statements for the Year Ended December 31, 2016 and Report of the Statutory Auditor

Report of the Statutory Auditor

To the General Meeting of
AURIS MEDICAL HOLDING AG, ZUG

Report of the Statutory Auditor on the Financial Statements

Opinion

We have audited the financial statements of Auris Medical Holding AG, which comprise the statement of financial position as at December 31, 2016, and the statement of profit or loss and the notes for the year then ended.

In our opinion the accompanying financial statements as at December 31, 2016 comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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 these matters.

Key audit matter	*How the scope of our audit responded to the key audit matter*
Intercompany loans, subordinated and investments in subsidiaries The statement of financial position presents intercompany loans (subordinated) amounting to CHF 62.61 million and investments in subsidiaries amounting to CHF 10.10 million as at December 31, 2016, which is further explained in note 3 and note 7. There are triggering events present indicating that intercompany loans and investments in subsidiaries balances were potentially no longer recoverable from subsidiaries. Management's annual impairment test for intercompany loans and investments in subsidiaries balances is considered to be judgmental, as the recoverability of the intercompany loans and investments in subsidiaries is depending on the success of the research and development activity respectively to commercialize the products which is inherently uncertain. As the balances are material to the statutory financial statements as a whole, the recoverability of intercompany loans and investments in subsidiaries represents a key audit matter.	We tested the design and implementation of the Company's relevant controls. We assessed the appropriateness of management's accounting policies regarding the recoverability of the intercompany loans and investments in subsidiaries. We challenged the recoverability of loans and investments, and critically assessed whether it is an appropriate assumption that the products can be commercialized and future cash flows support the recoverability of intercompany loans and investments in subsidiaries. We validated the appropriateness and completeness of the related disclosures in the financial statements.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the entity'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 the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing 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 taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte AG

/s/ Matthias Gschwend	/s/ Adrian Kaeppeli
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, March 10, 2017

Enclosures

- Financial statements (statement of financial position, statement of profit and loss, and notes)

AURIS MEDICAL HOLDING AG, ZUG
STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Notes	2016 in CHF	2015 in CHF
Net Revenue		-	-
Research and Development Expenses		**-8,810**	**-62,237**
Patent expenses		*-8,810*	-62,237
General and Administration Expenses		**-2,767,014**	**-2,692,804**
Equity issue expenses		*-1,862*	-734,016
Public listing expenses		*-577,506*	-433,480
Professional fees		*-1,743,542*	-1,092,162
Administration expenses	3	*-444,104*	-433,146
Financial Income/Expenses		**-617,433**	**2,119,170**
Net foreign currency exchange gain/loss, net		*189,678*	1,777,777
Interest expense		*-546,161*	-
Interest income		*662,664*	343,416
Bank charges		*-2,135*	-2,023
Other finance expense	6	-921,479	-
Loss before direct taxes		**-3,393,256**	**-635,871**
Direct taxes		-	-
Loss for the year		***-3,393,256***	***-635,871***

See Notes to the Financial Statements

	Notes	31.12.2016 in CHF	31.12.2015 in CHF
ASSETS			
Current assets		**31,790,535**	**41,813,844**
Cash and cash equivalents		***31,556,105***	***41,580,219***
Other short-term receivables		***79,295***	***53,951***
Trade receivables third parties		*79,295*	*53,723*
Trade receivables group		-	*228*
Prepaid expenses		***155,135***	***179,674***
Non-current assets		**73,073,814**	**52,886,555**
Other long-term receivables		***62,973,657***	***42,786,398***
Intercompany loans, subordinated	*5*	*62,973,657*	*42,786,398*
Investments in subsidiaries	***7***	***10,100,157***	***10,100,157***
TOTAL ASSETS		***104,864,348***	***94,700,399***
LIABILITIES AND EQUITY			
Current liabilities		**3,588,504**	**1,106,372**
Short-term payables		***739,109***	***665,632***
Trade payables third parties		*156,872*	*113,654*
Trade payables group		*582,237*	*551,978*
Other short-term payables		***2,613,159***	***66,573***
Loan	6	*2,590,857*	-
Other payables		*22,302*	*66,573*
Accrued expenses		***236,237***	***374,167***
Non-Current liabilities		**10,886,980**	-
Deferred unrealized foreign currency gain		-	-
Loan	***6***	***10,154,143***	-
Provision	***6***	***732,838***	-
Equity	***13***	**90,388,863**	**93,594,027**
Share capital	9, 10, 11	***13,731,881***	***13,721,556***
Legal capital reserves	***12***	***114,879,634***	***114,701,867***
Reserves from capital contribution		*114,671,822*	*114,671,822*
Other capital reserve		*207,812*	*30,045*
Accumulated deficit	***14***	**-38,222,652**	**-34,829,396**
Loss for the year		*-3,393,256*	*-635,871*
Loss carryforward		*-34,829,396*	*-34,193,525*
TOTAL LIABILITIES AND EQUITY		***104,864,348***	***94,700,399***

See Notes to the Financial Statements

1. GENERAL INFORMATION

The purpose of the Company is to invest in domestic and foreign activities in the field of pharmaceutical product development and services.
These financial statements should be read in conjuncture with the Company's consolidated financial statements filed with the U.S. Securities and Exchange Commission (SEC) on Form 20-F (the "Annual Report").

INFORMATION ON AVERAGE FULL-TIME POSITIONS

The annual average in 2016 is below 10 employees (2015: below 10 employees)

REGISTERED NAME, LEGAL FORM AND DOMICILE

Auris Medical Holding AG, corporation (*Aktiengesellschaft*), Bahnhofstrasse 21, 6300 Zug, Switzerland

2. KEY ACCOUNTING AND VALUATION PRINCIPLES

The financial statements have been prepared in accordance with the regulations of Swiss financial reporting law.

ESTIMATES AND ASSUMPTIONS MADY BY MANAGEMENT

Financial reporting under the Swiss Code of Obligations ("CO") requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors (e.g. anticipation of future results, which seem appropriate under the circumstances). The results subsequently achieved may deviate from these estimates.

FOREIGN CURRENCY ITEMS

The currency in which Auris Medical Holding AG operates is Swiss Francs (CHF). Transactions in foreign currencies are converted into the currency in which the Company operates (CHF) at the exchange rate on the day the transactions take places.

- Current assets and liabilities in foreign currencies are converted into the currency in which Company operates at the exchange rate on the balance sheet date. Any foreign currency exchange gains and losses are recorded in the profit and loss account.

- Non-current assets (except investments in subsidiaries) and liabilities in foreign currencies are converted into the currency in which Company operates at the exchange rate on the balance sheet date. Investments in subsidiaries are converted at the historic exchange rate at the time of the transaction. Unrealized exchange losses and gains are recorded in the profit and loss account. The portion of unrealized exchange gains which exceeds the unrealized exchange losses in total is deferred in the balance sheet.

3. ADMINISTRATION EXPENSES

in CHF	2016	2015
Personnel	313,869	332,887
Travel	97,921	33,297
Capital tax	-2,200	11,492
Other administration costs	34,514	55,470
Total	**444,104**	**433,146**

4. RELEASE OF HIDDEN RESERVES

The impact of hidden reserve release on the loss before direct taxes is CHF nil (2015: 418,190).

5. INTERCOMPANY LOAN AND SUBORDINATION AGREEMENT

On December 31, 2014, April 1, 2016 and February 1, 2017, Auris Medical Holding AG entered into loan and subordination agreements with its wholly owned subsidiaries, Auris Medical AG and Otolanum AG. Under the terms of the loan agreements, the lender, Auris Medical Holding AG, grants the borrowers, Auris Medical AG and Otolanum AG, credit facilities in an aggregate amount of CHF 45,000,000 and USD 35,000,000 and CHF 1,000,000 and USD 2,000,000, respectively, to be used for general business and operational purposes.

The borrowers may draw down the facility in full of in part. As of December 31, 2016, Auris Medical AG and Otolanum AG had drawn down loans under the facilities in the amount of CHF 61,653,731 and CHF 1,308,899, respectively. The Company expects that the subsidiaries will repay these loans and therefore has not impaired the loan receivables.

The interest rate on the loans is equivalent to the rate published by the Swiss Federal Tax Authorities (ESTV) in its circular on recognized interest rates (Rundschreiben Steuerlich Anerkannte Zinssätze). Interest is charged on the portion of facility which is drawn down.
All claims under the loan agreements are subordinated to all other existing and future claims against Auris Medical AG and Otolanum AG. In the event of insolvency proceedings (Art. 175, Art. 192 Swiss Debt Enforcement and Insolvency Law) and in the event of a composition agreement with assignment of assets (Art. 317 Swiss Debt Enforcement and Insolvency Law), the Company waives its claims to the extent necessary that the claims of all other creditors are covered in full by the proceeds of the liquidation of the subsidiaries.

6. LOAN AND SECURITY AGREEMENT WITH HERCULES CAPITAL

On July 19, 2016, we entered into a Loan and Security Agreement with Hercules Capital Inc. (“Hercules”) for a secured term loan facility of up to US$20.0 million. An initial tranche of US$12.5 million was drawn on July 19, 2016, concurrently with the execution of the loan agreement. The loan matures on January 2, 2020 and bears interest at a minimum rate of 9.55% per annum, and is subject to the variability of the prime interest rate. In connection with the loan facility, we issued Hercules a warrant to purchase up to 241,117 of our common shares at an exercise price of US$3.94 per share. As of December 31, 2016, the warrant was exercisable for 156,726 common shares. Upon Hercules making the second advance under the loan facility, the warrant shall become exercisable for the additional 84,391 common shares. The warrant expires on July 19, 2023. The loan is secured by a pledge of the shares of Auris Medical AG, our principal operating subsidiary, all intercompany receivables owed to us by our Swiss subsidiaries and a security assignment of our bank accounts.

The other finance expenses include the transactions costs and the expense for the end of term provision in the amount of CHF 921,479. The end of term provision amounts to CHF 732,838 (USD 718,750).

7. INVESTMENTS IN SUBSIDIARIES

Subsidiary	Participation	Share Capital	Purpose of the Company
Auris Medical AG, Basel	100%	CHF 2,500,000	Research and Development
Otolanum AG, Zug	100%	CHF 100,000	Intellectual Property Management
Auris Medical Inc, Chicago	100%	USD 15,000	Research and Development
Auris Medical Ltd, Dublin	100%	EUR 100	Administration

8. COMMITMENTS AND CONTINGENT LIABILITIES

in CHF	2016	2015
Operating lease commitments		
Within one year	6,000	6,000
Between one and five years	-	-
Total	**6,000**	**6,000**

9. SHARE CAPITAL – FOLLOW-ON OFFERING

The Company’s share capital amounts to CHF 13,731,881.60 and consists of 34,329,704 shares with the par value per share of CHF 0.40 (2015: CHF 13,721,556.40 and consist of 34,303,891shares).

On May 20, 2015, the Company completed a public offering of 5,275,000 shares, yielding net proceeds after underwriting discounts of USD 23.6 million (CHF 21.7 million). As at December 31, 2015, the Company had 34,303,891 shares outstanding.

10. AUTHORIZED SHARE CAPITAL

The Board is authorized to increase the share capital at any time until April 8, 2018 by a maximum amount of CHF 6,860,000 by issuing no more than 17,150,000 registered shares with a nominal value of CHF 0.40 each. The shares will have to be fully paid-in. After execution of the underwritten public offering announced on February 15, 2017 and subject to any exercise of the overallotment option by the underwriters, the authorized capital will amount to a maximum CHF 2,860,000 and entitle the Board to issue up to 7,150,000 registered shares with a nominal value of CHF 0.40 each.

11. CONDITIONAL SHARE CAPITAL

The share capital may be increased by up to CHF 2,000,000 through the issuance of up to 5,000,000 fully paid registered Common Shares with a nominal value of CHF 0.40 per share upon execution of options or pre-emptive rights granted to employees, members of the Board of Directors as well as key service providers under the Company’s equity incentive plans. The Company’s share capital may be further increased by up to CHF 4,860,000 through the issuance of up to 12,150,000 fully paid registered Common Shares with a nominal value of CHF 0.40 per share upon execution of warrants, conversion rights other financial instruments issued for financing purposes by the Company.

12. RESERVES FROM CAPTIAL CONTRIBUTION

The Swiss federal tax administration has confirmed the amount of CHF 114,671,822 to be eligible as legal reserve from capital contributions with related tax benefits.

13. CHANGES IN EQUITY

The following table presents activity related to our equity accounts during 2016 and 2015:

	Share Capital	Legal Capital Reserves	Accumulated Deficit	Total Equity
As of January 1, 2015	**11,604,156**	**95,256,333**	**-34,193,525**	**72,666,964**
Net loss	—	—	-635,871	-635,871
Follow-on offering	2,110,000	19,604,877	—	21,714,877
Share issuance costs	—	-211,142	—	-211,142
Share options exercised	7,400	51,800	—	59,200
Balance at December 31, 2015	**13,721,556**	**114,701,867**	**-34,829,396**	**93,594,027**
As of January 1, 2016	**13,721,556**	**114,701,867**	**-34,829,396**	**93,594,027**
Net loss	—	—	-3,393,256	-3,393,256
Issue of shares for bonus	10,325	177,767	—	188,092
Balance at December 31, 2016	**13,731,881**	**114,879,634**	**-38,222,652**	**90,388,863**

14. LOSS CARRYFORWARDS

Based on a tax ruling, tax loss carry forwards in the amount of CHF 34,829,394 may be used by our operating company Auris Medical AG, Basel, in accordance with applicable tax laws.

15. SIGNIFICANT SHAREHOLDERS

Shareholder	Shares Beneficially Owned Number	Percent
Above 5 % Shareholders		
Thomas Meyer, CEO & Chairman	6,742,500	19.64%
Sofinnova Venture Partners VIII, L.P.	5,818,175	16.95%
Sofinnova Capital VII FCPR	5,384,450	15.68%
Entities affiliated with ZKB	2,169,625	6.32%
Entities affiliated with IDInvest Partners	2,065,233	6.02%

The percentage of common shares beneficially owned is based on 34,329,704 common shares issued and outstanding as of December 31, 2016.

16. INFORMATION ON ALLOCATION OF SHARES AND OPTIONS TO EXECUTIVE OFFICERS, DIRECTORS AND EMPLOYEES

The following table presents information on the allocation of shares and options to Executive Officers, Directors and Employees in accordance with Article 959c, paragraph 2, figure 11, CO:

	Shares		Options	
2015	Number	CHF	Number	CHF
Allocated to Executive Officers and Directors	—	—	182,500	359,745
Allocated to Employees	—	—	52,250	100,249
Total			**234,750**	**459,994**

	Shares		Options	
2016	Number	CHF	Number	CHF
Allocated to Executive Officers and Directors	25,813	188,092	355,410	266,501
Allocated to Employees	—	—	200,250	167,234
Total	**25,813**	**188,092**	**555,660**	**433,735**

17. BENEFICIAL OWNERSHIP OF EXECUTIVE OFFICERS AND DIRECTORS

The table below presents beneficial ownership of Executive Officers and Directors, including affiliated entities, if applicable, in accordance with Article 663c, CO:

Board Members and Executive Committee Members 1)	Number of Shares 2016	Number of Options 2016
Thomas Meyer *Chairman of the Board* *Chief Executive Officer*	6,742,500	307,060
Armando Anido *Board member / Chairman Compensation Committee* *non executive*	—	7,500
Wolfgang Arnold *Board Member* *non executive*	38,750	40,315
James I. Healy *Vice-Chairman / Member Compensation Committee* *non executive*	5,818,175	34,065
Oliver Kubli *Board Member / Member Audit Committee* *non executive*	2,194,625	40,315
Berndt Modig *Board Member / Chairman Audit Committee* *non executive*	—	17,500
Antoine Papiernik *Board Member / Member Compensation Committee* *non executive*	5,384,450	6,250
Calvin Roberts *Board Member / Member Audit Committee* *non executive*	55,242	17,500
Andrea Braun-Scherhag *Head Regulatory & Quality Affairs*	4,300	50,960
Thomas Jung *Chief Development Officer*	—	31,570
Anne Sabine Zoller *General Counsel*	—	103,320
1) Includes holdings of "companies closely related" to members of the Board of Directors or members of the Executive Committee		

18. OTHER DISCLOSURES

Information on compensation of Executive Officers and Directors in accordance with Article 663b bis, CO, is included in the Company's separate Compensation Report. Certain prior year figures have been reclassified to comply with the current year presentation.

19. SUBSEQUENT EVENTS

On February 15, 2017, Auris Medical Holding AG (the "Company") entered into an underwriting agreement (the "Underwriting Agreement") with Roth Capital Partners LLC (the "Underwriter"), relating to the issuance and sale of 10,000,000 of the Company's common shares, nominal value CHF 0.40 per share, and 10,000,000 warrants, each warrant entitling its holder to purchase 0.70 of a common share. The common shares and warrants are being sold in the Offering in units comprised of one common share and one warrant. The price to the public in the Offering is $1.00 per unit, and the Underwriter has agreed to purchase the units from the Company pursuant to the Underwriting Agreement at a price of $0.94 per unit. The net proceeds to the Company from the Offering are expected to be approximately CHF 9.2 million ($9.1 million), after deducting underwriting discounts and other estimated offering expenses payable by the Company. The Underwriter has a 30-day option to purchase up to 1,500,000 additional common shares and/or 1,500,000 additional warrants. All of the common shares and warrants in the Offering are being sold by the Company.

AURIS MEDICAL HOLDING AG, ZUG

Financial Statements for the Year Ended December 31, 2015 and Report of the Statutory Auditor

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Report of the Statutory Auditor

To the General Meeting of

AURIS MEDICAL HOLDING AG, ZUG

Report of the Statutory Auditor on the Financial Statements

As Statutory Auditor, we have audited the accompanying financial statements of Auris Medical Holding AG, which comprise the statement of financial position as of December 31, 2015, and the statement of profit and loss and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2015 comply with Swiss law and the Company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ("AOA") and independence in accordance with Article 728 of the Swiss Code of Obligations ("CO") and Article 11, AOA, and that there are no circumstances incompatible with our independence.

In accordance with Article 728a, para. 1, item 3, CO, and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte AG

/s/ Martin Welser	/s/ James D. Horiguchi
Martin Welser	James D. Horiguchi
Licensed Audit Expert	
Auditor in Charge	

Zurich, March 10, 2016
MW/JDH/ss

Enclosures

- Financial statements (statements of financial position, statements of profit and loss and notes)

	Notes	2015 in CHF	2014 in CHF
Net Revenue		—	—
Research and Development Expenses		**-62,237**	**-13,985**
Patent expenses		-62,237	-13,985
General and Administration Expenses		**-2,692,804**	**-3,555,399**
Equity issue expenses		-734,016	-1,980,422
Public listing expenses		-433,480	-547,322
Professional fees		-1,092,162	-810,904
Administration expenses	*3*	-433,146	-216,751
Financial Income/Expenses		**2,119,170**	**3,569,384**
Net foreign exchange gain		1,777,777	3,409,148
Interest income		343,416	161,608
Bank charges		-2,023	-1,372
Loss before direct taxes		**-635,871**	**—**
Direct taxes		—	—
Loss for the year		***-635,871***	**—**

See notes to the financial statements

AURIS MEDICAL HOLDING AG, ZUG
STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes	*2015 in CHF*	*2014 in CHF*
ASSETS			
Current assets		**41,813,844**	**56,009,498**
Cash and cash equivalents		***41,580,219***	***55,784,353***
Other short-term receivables		***53,951***	***45,274***
Trade receivables third parties		*53,723*	*45,274*
Trade receivables group		*228*	—
Prepaid expenses		***179,674***	***179,871***
Non-current assets		**52,886,555**	**17,527,618**
Other long-term receivables		***42,786,398***	***14,927,461***
Intercompany loans, subordinated	*5*	*42,786,398*	*14,927,461*
Investments in subsidiaries	***6***	**10,100,157**	**2,600,157**
TOTAL ASSETS		***94,700,399***	***73,537,116***
LIABILITIES			
Current liabilities		**1,106,372**	**870,152**
Short-term payables		***665,632***	***265,735***
Trade payables third parties		*113,654*	*151,595*
Trade payables group		*551,978*	*114,140*
Other short-term payables		***66,573***	—
Other payables		*66,573*	—
Accrued expenses		***374,167***	***604,417***
Equity	***11***	**93,594,027**	**72,666,964**
Share capital	***8,9,10***	***13,721,556***	***11,604,156***
Share premium		***114,701,867***	***95,256,333***
Accumulated deficit	***12***	***-34,829,396***	***-34,193,525***
Loss for the year		*-635,871*	—
Loss carryforward		*-34,193,525*	*-34,193,525*
TOTAL LIABILITIES AND EQUITY		***94,700,399***	***73,537,116***

See notes to the financial statements

1. GENERAL INFORMATION

Purpose of the Company is to invest in all kinds of domestic and foreign activities, which are in relation to pharmaceutical products and services.

These financial statements should be read in connection with the Company's consolidated financial statements on Form 20-F filed with the U.S. Securities and Exchange Commission (SEC).

INFORMATION ON AVERAGE FULL-TIME POSITIONS

The annual average in 2015 is below 10 employees (2014: below 10 employees)

REGISTERED NAME, LEGAL FORM AND DOMICILE

Auris Medical Holding AG is a joint-stock company (*Aktiengesellschaft*) with its registered office at: Bahnhofstrasse 21, 6300 Zug, Switzerland.

2. KEY ACCOUNTING AND VALUATION PRINCIPLES

The financial statements have been prepared in accordance with the regulations of Swiss financial reporting law.

ESTIMATES AND ASSUMPTIONS MADY BY MANAGEMENT

Financial reporting under the Swiss Code of Obligations ("CO") requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors (e.g. anticipation of future results, which seem appropriate in the specific circumstances). The results subsequently achieved may deviate from these estimates.

FOREIGN CURRENCY ITEMS

The currency in which Auris Medical Holding AG operates is Swiss Francs (CHF). Transactions in foreign currencies are converted into CHF at the exchange rate on the day the transactions take place.

- Current assets and liabilities in foreign currencies are converted into the currency in which the Company operates at the exchange rate of the balance sheet date. Any profits or losses resulting from the exchange rates applied are recorded in the profit and loss account.

- Non-current assets and liabilities at historical costs are converted at the foreign currency exchange rate at the time of the transaction. Any foreign currency exchange profits are deferred in the balance sheet. Foreign currency exchange losses, on the other hand, are recorded in the profit and loss account.

3. ADMINISTRATION EXPENSES

in CHF	**2015**	**2014**
Personnel	332,887	105,685
Travel	33,297	52,543
Capital tax	11,492	35,081
Other administration	55,470	23,442
Total	**433,146**	**216,751**

4. RELEASE OF HIDDEN RESERVES

The impact of hidden reserve release on the loss before direct taxes is CHF 418,190 (2014: nil).

5. INTERCOMPANY LOAN AND SUBORDINATION AGREEMENT

On December 31, 2014, Auris Medical Holding AG entered into loan and subordination agreements with its wholly owned subsidiaries, Auris Medical AG and Otolanum AG. Under the terms of the loan agreement, the lender, Auris Medical Holding AG, grants the borrowers, Auris Medical AG and Otolanum AG, a credit facility in a maximum amount of CHF 45,000,000 and CHF 1,000,000, respectively, to be used for general business and operational purposes.

The borrowers may draw down the facility in full or in part. As of December 31, 2015, Auris Medical AG and Otolanum AG had drawn down loans under the facility of CHF 42,007,029 and CHF 779,369, respectively.

The borrower’s ability to repay the loan is dependent on its ability to further develop and monetize its pre-clinical and clinical assets. There are no indications that the ongoing clinical trials would not be successful and the company expects that the subsidiaries will repay these loans and therefore no impairment is required.

The interest rate on the loans is equivalent to the rate published by the Swiss Federal Tax Authorities (ESTV) in its circular on recognized interest rates (Rundschreiben Steuerlich Anerkannte Zinssätze). Interest is charged on the portion of facility which is drawn down.

All claims under the loan agreements are subordinated to all other existing and future claims against those subsidiaries. In the event of insolvency proceedings (Art. 175, Art. 192, Swiss Debt Enforcement and Insolvency Law) and in the event of a composition agreement with assignment of assets (Art. 317, Swiss Debt Enforcement and Insolvency Law), the Company waives its claims to the extent necessary that the claims of all other creditors are covered in full by the proceeds of the liquidation of the subsidiaries.

6. INVESTMENTS IN SUBSIDIARIES

Subsidiary	Participation	Share Capital	Purpose of the Company
Auris Medical AG, Basel	100%	CHF 2,500,000	Research and Development
Otolanum AG, Zug	100%	CHF 100,000	Intellectual Property Management
Auris Medical Inc, Chicago	100%	USD 15,000	Research and Development
Auris Medical Ltd, Dublin	100%	EUR 100	Administration

7. COMMITMENTS AND CONTINGENT LIABILITIES

in CHF	2015	2014
Operating lease commitments		
Within one year	6,000	6,000
Between one and five years	—	—
Total	**6,000**	**6,000**

8. SHARE CAPITAL - FOLLOW-ON OFFERING AND IPO ON NASDAQ GLOBAL MARKET

The Company's share capital amounts to CHF 13,721,556.40 and consists of 34,303,891 shares with the par value per share of CHF 0.40 (2014: CHF 11,604,156.40 and consist of 29,010,391 shares).

On May 20, 2015, the Company completed a public offering of 5,275,000 shares, yielding net proceeds after underwriting discounts of USD 23.6 million (CHF 21.7 million). As at December 31, 2015, the Company had 34,303,891 shares outstanding.

On August 6, 2014, the underwriters for the Company's IPO subscribed to purchase 9,400,000 shares at USD 6.00 per share yielding gross proceeds (before underwriting fees and IPO costs) of USD 56.4 million. On August 13, 2014, the underwriters exercised their overallotment option for 713,235 shares of the Company, resulting in gross proceeds of USD 4.3 million. All 18,753,175 preferred shares outstanding at the time of the IPO were converted into common shares on a 1:1 basis.

9. AUTHORIZED SHARE CAPITAL

As at December 31, 2015, the Company's authorized capital amounted to CHF 1,204,706 or 3,011,765 registered shares with a nominal value of CHF 0.40 each. The Board is authorized to increase the Company's capital in an amount up to CHF 3,011,765 by issuing fully paid-in registered shares in accordance with the Articles of Association. Absent a renewal of the authorized capital by the Annual Meeting, the authorization will expire on June 30, 2016.

10. CONDITIONAL SHARE CAPITAL

The share capital may be increased by a maximum of CHF 570,248 through the issuance of up to 1,425,619 fully paid-in registered shares with a nominal value of CHF 0.40 each upon exercise of options or conversion rights granted to employees, members of the Board of Directors as well as key service providers.

The Company's share capital may be further increased by a maximum of CHF 2,000,000 through the issuance of up to 5,000,000 fully paid registered shares with a nominal value of CHF 0.40 each in execution of conversion rights in connection with warrants and convertible bonds of the Company.

11. CHANGES IN EQUITY

The following table presents activity related to our equity accounts during 2015 and 2014:

	Share Capital	Share Premium	Accumulated Deficit	Total Equity
As of January 1, 2014	**6,487,130**	**35,725,337**	**-34,193,525**	**8,018,942**
Capital increase from IPO	4,045,294	47,261,446	—	**51,306,740**
Conversion of convertible loans	1,043,180	12,726,796	—	**13,769,976**
Share issuance costs	—	-682,860	—	**-682,860**
Share options exercised	28,552	225,614	—	**254,166**
Balance at December 31, 2014	**11,604,156**	**95,256,333**	**-34,193,525**	**72,666,964**
As of January 1, 2015	**11,604,156**	**95,256,333**	**-34,193,525**	**72,666,964**
Net loss	—	—	-635,871	**-635,871**
Follow-On offering	2,110,000	19,604,877	—	**21,714,877**
Share issuance costs	—	-211,142	—	**-211,142**
Share options exercised	7,400	51,800	—	**59,200**
Balance at December 31, 2015	**13,721,556**	**114,701,867**	**-34,829,396**	**93,594,027**

12. LOSS CARYFORWARDS

Based on a tax ruling, tax loss carryforwards in the amount of CHF 34,193,525 may be used by our operating company Auris Medical AG, Basel, in accordance with applicable tax laws.

13. SIGNIFICANT SHAREHOLDERS

	Shares Beneficially Owned	
Shareholder	**Number**	**Percent (1)**
5% Shareholders		
Thomas Meyer	6,742,500	19.64%
Sofinnova Venture Partners VIII, L.P.	5,818,175	16.95%
Sofinnova Capital VII FCPR	5,384,450	15.68%
Wasatch Advisors, Inc.	2,790,514	8.13%
Entities affiliated with Swisscanto Fondsleitung AG	2,169,625	6.32%
Entities affiliated with Idinvest Partners	2,065,233	6.02%

(1) The percentage of common shares beneficially owned is based on 34,329,704 common shares issued and outstanding as of March 7, 2016.

14. INFORMATION ON ALLOCATION OF SHARES AND OPTIONS TO EXECUTIVE OFFICERS, DIRECTORS AND EMPLOYEES

The following table presents information on the allocation of shares and options to Executive Officers, Directors and Employees in accordance with Article 959c, paragraph 2, number 11 Swiss Code of Obligations (CO):

	Shares		**Options**	
2014	Number	CHF	Number	CHF
Allocated to Executive Officers and Directors	20,881	90,451	143,760	349,416
Allocated to Employees	—	—	53,000	102,630
Total	—	—	**196,760**	**452,046**

	Shares		**Options**	
2015	Number	CHF	Number	CHF
Allocated to Executive Officers and Directors	—	—	182,500	359,745
Allocated to Employees	—	—	52,250	100,249
Total	—	—	**234,750**	**459,994**

15. BENEFICIAL OWNERSHIP OF EXECUTIVE OFFICERS AND DIRECTORS

The table below presents beneficial ownership of Executive Officers and Directors, including affiliated entities, if applicable, in accordance with Article 663c CO:

Board Members and Executive Committee Members [(1)]	Number of Shares 2015	Number of Options 2015
Thomas Meyer, Ph.D. *Chairman of the Board* *Chief Executive Officer*	6,742,500	170,000
Oliver Kubli, CFA *Board Member / Member of Audit Committee* *non executive*	2,169,625	30,315
Wolfgang Arnold, M.D. *Board Member* *non executive*	26,250	36,565

Board Members and Executive Committee Members [1]	Number of Shares 2015	Number of Options 2015
James I. Healy, M.D., Ph.D. *Board Member* *non executive*	5,818,175	24,065
Antoine Papiernik, MBA *Board Member* *non executive*	5,384,450	6,250
Bettina Stubinski, M.D. *Chief Medical Officer*	39,942	68,750
Berndt Modig, MBA Board Member / Head of Audit Committee	—	7,500
Calvin Roberts, MD Board Member / Member of Audit Committee	55,242	7,500
Anne Sabine Zoller, Dr.iur. *General Counsel*	—	25,000
Sven Zimmermann, Ph.D. *Chief Financial Officer*	40,752	55,000

(1) Includes holdings of "companies closely related" to members of the Board of Executive Committee (refer to item 7 A of our Annual Report filed on Form 20-F)

16. OTHER DISCLOSURES

Information on compensation of Executive Officers and Directors in accordance with Article 663b^{bis}, CO, is included in the Company’s Compensation Report.

17. SUBSEQUENT EVENTS

No events that would require adjustments to or disclosure in the financial statements occurred between the date of the statement of financial position and the date the financial statements were approved by the Board of Directors of the Company.

AURIS MEDICAL HOLDING AG, ZUG

(FORMERLY: AURIS MEDICAL AG)

Financial Statements for the Year Ended
December 31, 2014 and Report of
the Statutory Auditor

Report of the Statutory Auditor

To the General Meeting of
AURIS MEDICAL HOLDING AG, ZUG (formerly: Auris Medical AG)

Report of the Statutory Auditor on the Financial Statements

As Statutory Auditor, we have audited the accompanying financial statements of Auris Medical Holding AG, which comprise the statement of financial position as of December 31, 2014, and the statements of profit or loss and notes for the year then ended.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the Company's articles of incorporation.

Other Matter
The financial statements of the Company as of and for the year ended December 31, 2014 were audited by another auditor whose report, dated March 18, 2014, expressed an unqualified opinion on those financial statements.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ("AOA") and independence in accordance with Article 728 of the Swiss Code of Obligations ("CO") and Article 11, AOA, and that there are no circumstances incompatible with our independence.

In accordance with Article 728a, paragraph 1, item 3, CO, and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte AG

Martin Welser
Licensed Audit Expert
Auditor in Charge

James D. Horiguchi

Zurich, March 30, 2015

<u>Enclosures</u>
- Financial statements

AURIS MEDICAL HOLDING AG, ZUG (Formerly: Auris Medical AG)

STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 31, 2014, AND 2013

	Notes	***2014 in CHF***	***2013 in CHF***
Net Revenue		***-***	***-***
Research and Development Expenses		***-13'985***	***-21'026'842***
Development expenses	3	-	-20'926'140
Patent expenses		-13'985	-100'702
General and Administration Expenses		***-3'555'399***	***-1'334'470***
IPO expenses		-1'980'422	-
Public listing expenses		-547'322	-
Professional fees		-810'904	-694'252
Administration expense	4	-216'751	-640'218
Financial Income/Expense		**3'569'384**	**-44'221**
Net foreign exchange gain/(loss)		3'409'148	-115'924
Interest income		161'608	74'036
Bank charges		-1'372	-2'333
Loss before direct taxes		**-**	**-22'405'533**
Direct taxes		**-**	**-**
Loss for the Year		**-**	**-22'405'533**

AURIS MEDICAL HOLDING AG, ZUG (Formerly: Auris Medical AG)

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 AND 2013

	Notes	2014 in CHF	2013 in CHF
ASSETS			
Current assets		**56'009'498**	**24'561'925**
Cash and cash equivalents		**55'784'353**	**23'854'004**
Other short-term receivables		**45'274**	**524'784**
Trade receivables		45'274	524'784
Prepaid expenses		**179'871**	**183'137**
Non-current assets		**17'527'618**	**175'459**
Other long-term receivables		**14'927'461**	**-**
Intercompany loans, subordinated	6	14'927'461	-
Fixed assets	5	**-**	**175'302**
Investments in subsidiaries	7	**2'600'157**	**157**
TOTAL ASSETS		**73'537'116**	**24'737'384**
LIABILITIES			
Current liabilities		**870'152**	**16'718'442**
Short-term payables		**265'735**	**935'712**
Trade payables		151'595	935'712
Intercompany receivables		114'140	-
Other short-term payables		**-**	**13'771'628**
Trade payables		-	1'630
Shareholder		-	22
Convertible loan (with shareholders)		-	13'769'976
Accrued expenses		**604'417**	**2'011'102**
Equity	13	**72'666'964**	**8'018'942**
Share capital	10 – 13	**11'604'156**	**6'487'130**
Share premium		**95'256'333**	**35'725'337**
Accumulated loss	14	**34'193'525**	**34'193'525**
Loss for the year		-	-22'405'533
Loss carryforward		-34'193'525	-11'787'992
TOTAL LIABILITIES AND EQUITY		**73'537'116**	**24'737'384**

1. **GENERAL INFORMATION**
   On April 22, 2014, the Company changed its name from Auris Medical AG to Auris Medical Holding AG ("the Company") and transferred the operational business to the newly incorporated subsidiary, Auris Medical AG, which is now the main operating subsidiary (Asset transfer agreement). Therefore, the financial statements are not fully comparable between 2014 and 2013.

   INFORMATON ON AVERAGE FULL-TIME POSITIONS

   The annual average in 2014 is below 10 employees (2013: below 10 employees)

   REGISTERED NAME, LEGAL FORM AND DOMICILE

   Auris Medical Holding AG, Limited Liability Company, Bahnhofstrasse 21, 6300 Zug

   INFORMATION ON PREVIOUS YEAR'S BALANCES

   Prior year balances are reclassified to conform with the current year presentation, which is in accordance with the new Swiss financial reporting law.

2. **KEY ACCOUNTING AND VALUATION PRINCIPLES**
   The financial statements have been prepared in accordance with the regulations of Swiss financial reporting law.

   ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT
   Financial reporting under the Swiss Code of Obligations ("CO") requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors (e.g. anticipation of future results, which seem appropriate under the circumstances). The results subsequently achieved may deviate from these estimates.

   FOREIGN CURRENCY ITEMS
   The currency in which Auris Medical Holding AG operates is Swiss Francs (CHF). Transactions in foreign currencies are converted into the currency in which the Company operates (CHF) at the exchange rate on the day the transactions takes places.

   - Current assets and liabilities in foreign curencies are converted into the currency in which Company operates at the exchange rate on the balance sheet date. Any profits or losses resulting from the exchange rates applied are recorded in the profit and loss account.

   - Non-current assets and liabilities at historical costs are converted at the foreign currency exchange rate at the time of the transaction. Any foreign currency exchange profits are deferred in the balance sheet. Foreign currency exchange losses, on the other hand, are recorded in the profit and loss account.

3. IMPAIRMENT OF INTANGIBLE ASSETS

in CHF	**2014**	**2013**
Capitalized R&D expenses	—	6,730,336
Total	**—**	**6,730,336**

The impairment of intangible assets in 2013 is related to R&D expenses previously capitalized, therefore the impairment was grouped into the R&D expense financial statement line.

4. ADMINISTRATION EXPENSES

in CHF	**2014**	**2013**
Personnel	105,685	373,546
Travel	52,543	77,616
Capital tax	35,081	42,090
Other administration	23,442	146,966
Total	**216,751**	**640,218**

5. DEPRECIATION OF FIXED ASSETS

in CHF	**2014**	**2013**
Fixed assets	—	37,912
Total	**—**	**37,912**

6. INTERCOMPANY LOAN AND SUBORDINATION AGREEMENT

On December 31, 2014, Auris Medical Holding AG entered into loan and subordination agreements with its wholly owned subsidiaries, Auris Medical AG and Otolanum AG. Under the terms of the loan agreement, the lender, Auris Medical Holding AG, grants the borrowers, Auris Medical AG and Otolanum AG, a credit facility in a maximum amount of CHF 45,000,000 and CHF 1,000,000, respectively, to be used for general business and operational purposes. The borrowers may draw down the facility in full or in part. As of December 31, 2014, Auris Medical AG and Otolanum AG had drawn down loans under the facility of CHF 14,471,061 and CHF 456,400, respectively. The Company expects that the subsidiaries will repay these loans and therefore no impairment is required.

The interest rate on the loans is equivalent to the rate published by the Swiss Federal Tax Authorities (ESTV) in its circular on recognized interest rates (Rundschreiben Steuerlich Anerkannte Zinssätze). Interest is charged on the portion of the facility which is drawn down.

All claims under the loan agreements are subordinated to all other existing and future claims against those subsidiaries. In the event of insolvency proceedings (Art. 175, Art. 192, Swiss Debt Enforcement and Insolvency Law) and in the event of a composition agreement with assignment of assets (Art. 317, Swiss Debt Enforcement and Insolvency Law), the Company waives its claims to the extent necessary that the claims of all other creditors are covered in full by the proceeds of the liquidation of the subsidiaries.

7. INVESTMENTS IN SUBSIDIARIES

Subsidiary	**Participation**	**Share Capital**	**Purpose of the Company**
Auris Medical AG, Basel	100%	CHF 2,500,000	Research and Development
Otolanum AG, Zug	100%	CHF 100,000	Intellectual Property Management
Auris Medical Inc, Chicago	100%	USD 15,000	Research and Development
Auris Medical Ltd, Dublin	100%	EUR 100	Administration

8. CONVERTIBLE LOAN

On December 9, 2013, the Company issued non-interest bearing convertible loans to two shareholders with a nominal value of CHF 13,769,976 and a maximum term of 12 months. Between January 10 and January 17, 2014, the lenders and the Company had the right to convert the loans into new registered Series C preferred shares with a nominal value of CHF 0.40 each for CHF 5.28 per share. On January 27, 2014, the loans were converted into new Series C preferred shares with a nominal value of CHF 0.40 each for CHF 5.28 per share. The Company issued 2,607,950 Series C preferred shares upon the conversion.

9. COMMITMENTS AND CONTINGENT LIABILITIES

in CHF		
Operating lease commitments		
Within one year	6,000	91,572
Between one and five years	—	122,096
Total	**6,000**	**213,668**

10. SHARE CAPITAL - IPO on NASDAQ Global Market

On August 6, 2014, the underwriters for the Company's IPO subscribed to purchase 9,400,000 shares at USD 6.00 per share yielding gross proceeds (before underwriting fees and IPO costs) of USD 56.4 million. On August 13, 2014, the underwriters exercised their overallotment option for 713,235 shares of the Company, resulting in gross proceeds of USD 4.3 million. All 18,753,175 preferred shares outstanding at the time of the IPO were converted into common shares on a 1:1 basis.

11. AUTHORIZED SHARE CAPITAL

Prior to the IPO, the Company's authorized share capital consisted of common shares and preferred shares. Preferred shares (Series A, B, and C) had the same voting rights and dividend rights as common shares but enjoyed a liquidation preference. All preferred shares were converted into common shares upon the IPO of the Company. In August 2014, the shareholders approved an extension and increase of the authorized capital of the Company. The Board is authorized to increase the share capital at any time until June 30, 2016 by the maximum amount of CHF 3,314,706 by issuing not more than 8,286,765 registered shares with a nominal value of CHF 0.40 each. The shares will have to be fully paid-in.

12. CONDITIONAL SHARE CAPITAL

The share capital may be increased by the issuance of up to 1,500,000 fully paid-in registered common shares with a nominal value of CHF 0.40 per share and to the maximum amount of CHF 600,000 in execution of subscription rights, which may be granted to employees, members of the Board of Directors, as well as key service providers. As of December 31, 2014, the conditional share capital for these purposes amounts to CHF 581,823.60 or 1,444,119 common shares with a nominal value of CHF 0.40 each, following the exercise of 55,881 stock options in 2014 after the IPO. A further 15,500 stock options had been exercised in 2014 prior to the IPO out of the preceding conditional share capital that was superseded by amended articles of association in connection with the IPO.

The Company's share capital may be further increased by the issuance of up to 5,000,000 fully paid registered common shares with a nominal value of CHF 0.40 per share and to the maximum amount of CHF 2,000,000 in execution of conversion rights in connection with any warrants and convertible bonds of the Company.

13. CHANGES IN EQUITY ACCOUNTS

The following table presents activity related to our equity accounts during 2014 and 2013:

	Attributable to owners of the company			
	Share capital	**Share premium**	**Accumulated Deficit**	**Total Equity**
As of January 1, 2013	**4,632,580**	**13,341,942**	**-11,787,992**	**6,186,530**
Net loss	-	-	-22,405,533	**-22,405,533**
Issue of ordinary shares	1,854,550	22,625,510	-	**24,480,060**
Share issuance costs	-	-242,115	-	**-242,115**
Balance at December 31, 2013	**6,487,130**	**35,725,337**	**-34,193,525**	**8,018,942**
As of January 1, 2014	**6,487,130**	**35,725,337**	**-34,193,525**	**8,018,942**
Capital increase from IPO	4,045,294	47,261,446	-	**51,306,740**
Conversion of convertible loans	1,043,180	12,726,796	-	**13,769,976**
Share issuance costs	-	-682,860	-	**-682,860**
Share options exercised (see Note 14)	28,552	225,614	-	**254,166**
Balance at December 31, 2014	**11,604,156**	**95,256,333**	**-34,193,525**	**72,666,964**

14. LOSS CARRYFORWARDS

Tax loss carryforwards may be used by our operating company Auris Medical AG, Basel, in accordance with applicable tax laws.

15. SIGNIFICANT SHAREHOLDERS

	Shares Beneficially Owned	
Shareholder	**Number**	**Percent**
Above 5% Shareholders		
Thomas Meyer, CEO & Chairman.	6,742,500	23.2%
Sofinnova Venture Partners VIII, L.P.	5,818,175	20.1%
Sofinnova Capital VII FCPR	5,384,450	18.6%
Entities affiliated with ZKB	2,169,625	7.5%
Entities affiliated with Idinvest Partners	2,065,233	7.1%
Clifton Park Capital Management, LLC	1,666,667	5.7%
FMR LLC	1,666,667	5.7%

The percentage of common shares beneficially owned is based on 29,010,391 common shares issued and outstanding as of December 31, 2014. As of December 2013, the Company was non-public.

16. INFORMATION ON ALLOCATION OF SHARES AND OPTIONS TO EXECUTIVE OFFICERS, DIRECTORS AND EMPLOYEES

The following table presents information on the allocation of shares and options to Executive Officers, Directors and Employees in accordance with Article 959c, paragraph 2, figure 11, CO:

	Shares		Options	
2013	Number	CHF	Number	CHF
Allocated to Executive Officers and Directors	-	-	100,000	272,746
Allocated to Employees	-	-	26,250	79,452
Total			**126,250**	**352,198**

	Shares		Options	
2014	Number	CHF	Number	CHF
Allocated to Executive Officers and Directors	20,881	90,415	143,760	349,416
Allocated to Employees	-	-	53,000	102,630
Total			**196,760**	**452,046**

17. BENEFICIAL OWNERSHIP OF EXECUTIVE OFFICERS AND DIRECTORS

The table below presents beneficial ownership of Executive Officers and Directors, including affiliated entities, if applicable, in accordance with Article 663c, CO:

Board Members and Executive Committee Members [1] [2]

	No. of Shares 2014	No. of Options 2014
Thomas Meyer, Ph.D. *Chairman of the Board* *Chief Executive Officer*	6,742,500	110,000
Oliver Kubli *Board Member / Head of Audit Committee* *non executive*	2,188,375	20,315
Wolfgang Arnold, M.D. *Board Member* *non executive*	12,500	32,815
Alain Munoz, M.D. *Board Member* *non executive*	12,500	32,815
James I. Healy, M.D., Ph.D. *Board Member* *non executive*	5,818,175	14,065
Antoine Papiernik *Board Member* *non executive*	5,384,450	6,250
Bettina Stubinski, M.D. *Chief Medical Officer*	25,862	43,750
Sven Zimmermann, Ph.D. *Chief Financial Officer*	29,019	27,500

[1] Includes holdings of "companies closely linked" to members of the Board or Executive Committee (see further details in item 7 A. of the 20-F).
[2] As of December 2013 the Company was non-public.

18. OTHER DISCLOSURES

Information on compensation of Executive Officers and Directors in accordance with Article 663b bis, CO, is included in the Company's separate Compensation Report.

19. SUBSEQUENT EVENTS

There are no events subsequent to December 31, 2014 that require adjustment to or disclosure in these financial statements.

AURIS MEDICAL HOLDING AG, ZUG

Report of the Statutory Auditor on the
Compensation Report in Accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance)

Report of the statutory auditor

To the General Meeting of
AURIS MEDICAL HOLDING AG, ZUG

We have audited Tables in section 2.3, 2.4, 3.4 and 3.5, and the information in section 4 of the accompanying compensation report of Auris Medical Holding AG for the year ended December 31, 2017.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and Articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credit lines in accordance with Articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended December 31, 2017 of Auris Medical Holding AG complies with Swiss law and Articles 14 – 16 of the Ordinance.

Deloitte AG

Matthias Gschwend Licensed audit expert Auditor in charge	Adrian Kaeppeli Licensed audit expert

Zurich, February 8, 2018
MGS/AKA/rma

Enclosure:
- Compensation report 2017

Compensation Report of Auris Medical Holding AG

for the Year Ended December 31, 2017

1. Introduction

This Compensation Report provides an overview of the compensation principles and programs, the method of determination of compensation and the compensation awarded in 2017 and 2016 to the members of the Board of Directors and to the Executive Management Committee of Auris Medical Holding AG (“Auris Medical” or the “Company”).

The Compensation Report is written in accordance with the Federal Ordinance against Excessive Compensation in Stock Exchange Listed Companies (“Ordinance”, Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften) and the principles of the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse[1].

1.1 Activities of the Compensation Committee in 2017

In 2017, the Compensation Committee met in total seven times. In the year under review, the Company amended its Equity Incentive Plan, under which it issues stock options as a long-term incentive to its directors and employees, to reflect changes required by Swiss law.

No adjustments have been made to the fixed cash retainer for members of the Board of Directors. However, the fixed cash fees for the chair and members of the Compensation Committee have been adjusted to the level for the Audit Committee chair and members. In addition, the fees and the stock options granted in 2017 to Board members were based for the first time on a fixed USD amount instead of a fixed number of options under the previous approach.

1.2 Compensation Governance

1.2.1 Compensation Policy and Guiding Principles

Auris Medical is dedicated to developing novel pharmaceutical therapies to protect hearing, silence tinnitus and restore balance. Auris Medical has two projects in advanced clinical development: One for acute inner ear tinnitus (Keyzilen®; AM-101) and one for acute inner ear hearing loss (AM-111). In addition, Auris Medical has AM-125 in early clinical development for the treatment of vertigo.

In order to meet the Company’s current and future objectives, it must attract and retain dedicated, experienced and highly motivated employees who are committed to the Company’s values and to delivering outstanding performance. Auris Medical is committed to performance-based compensation structure that is fair and balanced and that aligns long-term employee and shareholder interests.

The Company’s compensation structure and levels are based on the following key principles:

- Measurable performance targets in line with the Company’s business situation.
- Dynamic compensation structure that can easily be applied to new employees and adapted to new business situations.
- Alignment with market practice.
- Simple design to ensure that the compensation structure is easily understood and can be effectively managed.

The Company’s compensation policy underlines strategic and financial objectives which are accomplished by the appreciation of individual and group performance targets. Measurable performance targets are in line with the Company’s business strategy and are easily adaptable to business changes and to newly appointed Executive Management Committee members.

To achieve the Company targets and to generate shareholder value, the Company’s compensation packages need to be competitive. Therefore, Auris Medical’s Compensation Committee regularly reviews the compensation structure and level for the members of the Board of Directors and Executive Management Committee. When necessary, a market assessment may be conducted to support the internal review.

1.2.2 Governance Procedures for the Determination of the Compensation

Role of the Compensation Committee

The Compensation Committee supports and assists the Board of Directors with the review and implementation of the Company’s compensation strategy and guidelines. The Compensation Committee approves the terms of the employment agreements as well as the compensation paid to the members of the Executive Management Committee within the limits set by the shareholders meeting. The Compensation Committee also supports the Board of Directors in

[1] Refer to: <http://www.economiesuisse.ch>

preparing proposals to the Annual General Meeting of shareholders regarding the compensation of the members of the Board of Directors and the Executive Management Committee. The Board of Directors and the Compensation Committee may decide to consult an external advisor to assist it with execution of its responsibilities.

Role of Shareholders

In line with the requirements of the Ordinance, at the Annual General Meeting the shareholders are asked for their say-on-pay votes, which means that they approve of the compensation of the Board of Directors and of the members of the Executive Management Committee.

The General Meeting of shareholders annually votes on the proposals of the Board of Directors with respect to:

- the maximum aggregate amount of compensation of the Board of Directors for the subsequent term of office; and

- the maximum aggregate amount of compensation of the Executive Management Committee for the following financial year.

The Board of Directors may submit additional proposals relating to the same or different periods to the General Meeting of shareholders.

In the event that the General Meeting of shareholders does not approve a proposal of the Board of Directors, the Board of Directors (ad interim) determines the compensation for the Executive Management Committee and the Board of Directors, taking into account all relevant circumstances. The Board of Directors submits the compensation so determined for approval to the same General Meeting of shareholders or to a subsequent extraordinary General Meeting or the next ordinary General Meeting of shareholders.

In accordance with Article 21 of the Articles of Association:

- the 2017 Annual General Meeting approved a gross compensation of CHF 800,000 for the members of the Board for the period from the 2017 Annual General Meeting until the 2018 Annual General Meeting,

- the 2016 Annual General Meeting approved a gross compensation of CHF 4,000,000 for the members of the Executive Management Committee for the fiscal year 2017.

2. Compensation of the Board of Directors

2.1 Composition of the Board of Directors

In 2017, the Board of Directors was composed of the Chairman and six members until September 2017[2] and of the Chairman and five members for the remaining term. Each Director is elected for a term of one year. The Board of Directors consists of directors with the appropriate skills set, experience, independence and knowledge of the industry and the Company to enable it to discharge its duties and responsibilities effectively.

The Board of Directors was composed as follows in 2017 and 2016:

	2017 Term(1)			**2016 Term(2)**		
	Board	**Audit Committee**	**Compensation Committee**	**Board**	**Audit Committee**	**Compensation Committee**
Thomas Meyer, PhD	Chair			Chair		
James I. Healy, MD, PhD(3)				Vice-Chair		Member
Armando Anido, MBA	Vice-Chair		Chair			
Wolfgang Arnold, MD(3)				Member		Member
Mats Blom, MBA	Member	Member				
Oliver Kubli, CFA	Member			Member	Member	
Berndt A.E. Modig, MBA	Member	Chair		Member	Chair	
Antoine Papiernik, MBA(4)	Member			Member		Chair
Calvin W. Roberts, MD	Member	Member	Member	Member	Member	

1 Effective as of April 13, 2017.

2 Effective as of April 8, 2016.

3 Dr. Healy and Dr. Arnold did not stand for re-election at the 2017 Annual shareholders' meeting and their terms therefore ended on April 13, 2017.

4 Until September 26, 2017.

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[2] On September 26, 2017, the Company announced that Mr. Antoine Papiernik resigned as member of the Board of Directors.

Our current Non-Executive Directors as of February 9, 2018 are:

Armando Anido, Director, Chairman of the Compensation Committee: Mr. Anido has been a member of our Board of Directors since April 2016. Mr. Anido has more than 30 years of executive, operational and commercial leadership experience in the biopharmaceutical industry. He has served as Chairman and Chief Executive Officer of Zynerba Pharmaceuticals, Inc., since October 2014. Prior to Zynerba, Mr. Anido served as Chief Executive Officer of NuPathe, Inc., and Auxilium Pharmaceuticals, Inc. Prior to Auxilium, Mr. Anido held commercial leadership roles at MedImmune, Glaxo Wellcome and Lederle Labs. He is currently a member of the Board of Directors of Biota Pharmaceuticals, Inc., and he was a member of the Board of Directors of Adolor Corporation until it was sold to Cubist Pharmaceuticals. Mr. Anido earned a BS in Pharmacy and an MBA from West Virginia University.

Mats Blom, Director: Mats Blom has been a member of our Board of Directors since April 2017. Mr. Blom is Executive Vice President and Chief Financial Officer (CFO) of Zealand Pharma A/S. Prior to joining Zealand, he served as CFO of Swedish Orphan International, an orphan drug company acquired by BioVitrum in 2009. In addition, Mr. Blom has extensive managerial experience and has held CFO positions at Active Biotech AB and Anoto Group AB. Previously, he served as a management consultant at Gemini Consulting and Ernst & Young. Mats Blom holds a BA in Business Administration and Economics from the University of Lund and an MBA from IESE University of Navarra, Barcelona.

Oliver Kubli, Director: Mr. Kubli has been a member of our Board of Directors since June 2010. Mr. Kubli serves as Managing Director and Head Portfolio Management Healthcare Funds and Mandates at Bellevue Asset Management AG. Mr. Kubli was a Managing Director and member of the Board of Directors of Adamant Biomedical Investments AG until its acquisition by Bellevue Asset Management. Prior to joining Adamant in 2008, he held various management positions at Zürcher Kantonalbank and was responsible for the global health care sector within the bank's Asset Management Division. Mr. Kubli started his career as a financial analyst and portfolio manager with UBS and Swiss Re. He is a chartered financial analyst (CFA) and holds a B.A. in Business Administration from the University of Applied Sciences, Zürich/Winterthur, Switzerland

Berndt A.E. Modig, Director, Chairman of the Audit Committee: Mr. Modig has been a member of our Board of Directors since April 2015. Mr. Modig was the Chief Financial Officer of Prosensa Holding N.V., a company dedicated to the development of treatments of neuromuscular and neurodegenerative disorders such as Duchenne Muscular Dystrophy, from 2010 until it was sold to Biomarin. Prior to that, he was the Chief Financial Officer of Jerini AG, another publicly listed biotechnology company, and held various management positions in industry, finance and private equity groups. He started his professional career in the auditing practice of Price Waterhouse. He is a member of the Board of Directors and the Audit Committee of Affimed N.V., a member of the Board of Directors and chairman of the Audit Committee of Axovant Sciences, Ltd., a member and vice chairman of the Supervisory Board and chairman of the Audit Committee of Kiadis Pharma, and a member of the Board of Directors of Onco BioTek. Mr. Modig is a Certified Public Accountant and has an MBA from INSEAD.

Calvin W. Roberts, Director: Mr. Roberts, MD, has been a member of our Board of Directors since April 2015. Mr. Roberts is Chief Medical Officer at Bausch + Lomb and Senior Vice President and Chief Medical Officer, Eye Care of Valeant Pharmaceuticals. He joined Bausch + Lomb in 2011. Dr. Roberts is a specialist in cataract and refractive surgery and has been a pioneer in the use of ophthalmic non-steroidals. Since 1982 he has been a Clinical Professor of Ophthalmology at Weill Medical College of Cornell University. In addition, he had a private ophthalmology practice in New York City between 1998 and 2008 and is the author of over 50 peer-reviewed articles. Dr. Roberts has been a member of the Board of Directors and the Audit Committee of Alimera Sciences, Inc., since it was founded in 2003.

2.2 Board of Directors Compensation Elements

Board of Directors members are paid a fixed fee. In addition to the fixed fee, committee chairs and members are paid an additional fixed fee and Board of Directors members are awarded stock options under the Company's Equity Incentive Plan in order to strengthen the alignment to shareholders' interests.

In 2017, 53,140 options were allocated to each non-executive Director under the Company's Equity Incentive Plan. The options were granted in two installments: 50% on April 30, 2017 and 50% on October 31, 2017 with an exercise price of US$ 0.82 and US$ 0.82, respectively. Consistent with past practice, the exercise prices were determined based on the average closing price of the 30 days preceding the grant date. Share options granted to members of the Board of Directors in 2017 vest after a period of one year after the grant date and have a term of eight years.

The office of the Chairman of the Board of Directors is held by the Company's Chief Executive Officer. The Chief Executive Officer's remuneration is disclosed in the section "Compensation to Members of the Executive Management Committee". No additional compensation is paid to the Chief Executive Officer for the exercise of the office of the Chairman.

2.3 Compensation awarded to the Board of Directors in 2017

The total compensation of the members of the Board of Directors in 2017 is outlined below:

In CHF	Cash Compensation	Social Contributions	Stock Options(6)	Total
Thomas Meyer, PhD, Chairman(1)	—	—	—	**—**
James I. Healy, MD, PhD, Vice-Chairman(2)	10,636	662	—	**11,298**
Armando Anido, MBA	50,105	3,119	11,371	**64,595**
Wolfgang Arnold, MD(2)	10,010	362	—	**10,372**
Mats Blom, MBA(3)	34,336	—	11,371	**45,707**
Oliver Kubli, CFA	41,700	2,596	11,371	**55,667**
Berndt A.E. Modig, MBA	55,904	—	11,371	**67,275**
Antoine Papiernik, MBA(4)(5)	20,327	—	—	**20,327**
Calvin W. Roberts, MD	48,018	2,989	11,371	**62,378**
Total	**271,036**	**9,728**	**56,855**	**337,619**

1 Disclosed in section 3.4. The Chief Executive Officer does not receive any additional compensation for the exercise of the office of the Chairman.

2 Dr. Healy and Dr. Arnold did not stand for re-election at the 2017 Annual shareholders’ meeting and their terms therefore ended on April 13, 2017.

3 Elected on April 13, 2017.

4 As the internal regulations applicable to Sofinnova Capital VII FCPR did not allow for payment of a compensation or the grant of equity instruments to fund managers, the compensation payable to Mr. Papiernik was paid to Sofinnova Capital VII FCPR. Instead of an option grant, the grant date fair value of the options (less applicable taxes and charges) was paid to Sofinnova Capital VII FCPR in cash.

5 Resigned effective as of September 26, 2017.

6 In 2017, 53,140 options were granted to each eligible member of the Board of Directors. The fair value calculation of the options was based on the Black-Scholes option pricing model. Assumptions were made regarding inputs such as volatility and the risk-free rate in order to determine the fair value of the options.

2.4 Compensation awarded to the Board of Directors in 2016

The total compensation of the members of the Board of Directors in 2016 is outlined below:

In CHF	Cash Compensation	Social Contributions	Stock Options(4)	Total
Thomas Meyer, PhD, Chairman(1)	—	—	—	**—**
James I. Healy, MD, PhD, Vice-Chairman	42,385	3,351	6,745	**52,481**
Armando Anido, MBA(2)	35,519	2,808	5,059	**43,386**
Wolfgang Arnold, MD	40,516	1,611	6,745	**48,872**
Oliver Kubli, CFA	44,879	3,548	6,745	**55,172**
Berndt A.E. Modig, MBA	51,860	—	6,745	**58,605**
Antoine Papiernik, MBA(3)	50,589	—	—	**50,589**
Calvin W. Roberts, MD	44,879	3,548	6,745	**55,172**
Total	**310,627**	**14,866**	**38,784**	**364,277**

1 Disclosed in section 3.5. The Chief Executive Officer does not receive any additional compensation for the exercise of the office of the Chairman.

2 Elected on April 8, 2016.

3 As the internal regulations applicable to Sofinnova Capital VII FCPR did not allow for payment of a compensation or the grant of equity instruments to fund managers, the compensation payable to Mr. Papiernik was paid to Sofinnova Capital VII FCPR. Instead of an option grant, the grant date fair value of the options (less applicable taxes and charges) was paid to Sofinnova Capital VII FCPR.

4 In 2016, 10,000 options were granted to each eligible member of the Board of Directors. The fair value calculation of the options was based on the Black-Scholes option pricing model. Assumptions were made regarding inputs such as volatility and the risk-free rate in order to determine the fair value of the options.

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3. Compensation to Members of the Executive Management Committee

3.1 Composition of the Executive Management Committee

The Executive Management Committee was comprised of as follows in 2017:

Name	Function	Appointment
Members in office:		
Thomas Meyer, PhD	Chairman and Chief Executive Officer	2003
Andrea Braun-Scherhag, PhD	Head of Regulatory and Quality Affairs	2016
Hernan Levett(1)	Chief Financial Officer	2017
Retired members:		
Anne Sabine Zoller, PhD(2)	General Counsel	2015
Thomas Jung, MD, PhD(3)	Chief Development Officer	2016

1 Mr. Levett was appointed to the Executive Management Committee effective as of January 1, 2017.

2 Dr. Zoller resigned effective as of April 30, 2017.

3 Dr. Jung resigned effective as of December 31, 2017.

Our current members of the Executive Management Committee as of February 9, 2018 are:

Thomas Meyer, Founder, Chairman of the Board of Directors and Chief Executive Officer: Mr. Meyer founded Auris Medical in April 2003 and acts as Chairman of the Board of Directors and Chief Executive Officer of the Company. Prior to founding us, he was the Chief Executive Officer of Disetronic Group, a leading Swiss supplier of precision infusion and injection systems. He worked for Disetronic in various functions starting in 1988, becoming member of the Board of Directors in 1996, Deputy Chief Executive Officer in 1999 and Chief Executive Officer in early 2000. Prior to joining Disetronic, he advised several Swiss companies in strategy, marketing and corporate finance. He holds a Ph.D. (Dr.rer.pol.) in business administration from the University of Fribourg, Switzerland.

Andrea Braun-Scherhag, Head Regulatory & Quality Affairs: Ms. Braun joined the Company in 2016 and leads the Company's regulatory affairs, quality and pharmacovigilance departments. Prior to joining the Company, Ms. Braun was Head of Global Regulatory Affairs and Vice President at Alvotech. Prior to Alvotech, she spent 15 years in various regulatory affairs functions at Roche, most recently as Head of EU Regulatory Affairs, and five years in regulatory affairs at DSM Nutritional Products. Ms. Braun received her state examination in pharmacy from the University of Heidelberg, Germany, and holds a Ph.D. in immunology from the University of Basel, Switzerland.

Hernan Levett, Chief Financial Officer: Mr. Levett joined the Company on January 1, 2017 as Chief Financial Officer. Prior to joining Auris Medical, Mr. Levett served as Head of Group Controlling at Acino Pharma AG. Prior to Acino, he served as Vice President of Finance and Administration Europe at InterMune International AG and spent 10 years at Novartis, most recently as Chief Financial Officer of Novartis Chile SA.

3.2 Benchmarks of Executive Management Committee Compensation

Auris Medical uses benchmarks and third-party consultants to assess the competitiveness of Executive Management Committee's compensation levels and to analyze market trends with regard to compensation design and mix.

The benchmark group comprises companies chosen to reflect the competitive environment in which Auris Medical operates and are selected according to criteria such as company strategy, area of expertise, business actives, geographic scope, employment markets and financial situation. Three criteria were set to determine the peer group companies: financial fit, company profile and business activities.

- Financial fit: Financial company data (total costs, R&D, sales, employees, market capitalization) comparable to Auris Medical's current and projected company financials.
- Company profile: Industry and specialization in otolaryngology, ophthalmology, dermatology, injectable drugs, orphan diseases.
- Business activities: Main business activities in research, development, clinical development (Phase I, II, III) and commercialization/sales, comparable to those of Auris Medical.

As the compensation practices are not comparable between the US and the European markets and Auris Medical intends to operate in both markets, two peer groups were selected to benchmark Auris Medical's compensation against that of comparable companies in both the European and US markets.

3.3 Executive Management Committee Compensation Elements

All members of the Executive Management Committee receive a fixed base salary, an annual cash bonus (short-term incentive) and participate in the Company's Equity Incentive Plan (long-term incentive).

Base Salary

The base salary is a fixed annual cash amount paid over a 12-month period, which reflects the scope, size and responsibility of the role and skills to perform the role. It is based on the external market value of the role and the individual's ability, experience and performance over time.

Short-term Incentive Plan

The short-term incentive plan is intended to motivate participants to achieve the short-term goals. The performance targets reward the achievement of individual and group related targets of financial and/or qualitative nature which are aligned with the Company's strategy and business plan over a time horizon of one year ("performance period"). After the end of each performance period, the Compensation Committee determines the extent to which the performance targets were achieved. The target award is determined by the Compensation Committee prior to, or reasonably promptly following the commencement of the performance period.

In 2017, the weighting of the group and individual targets have been defined as follows:

- for the CEO: 80% group targets and 20% individual targets,
- for the other members of the Executive Management Committee: 60% group targets and 40% individual targets.

The bonus system links all targets (group and individual targets) in an additive way.

2017 group targets were focused on achieving positive results in the Company's HEALOS trial, the TACTT3 enrollment progress, managing the Company's operating expenses within the guidance provided, successful financing activities as well as expansion of the Company's pipeline. Individual targets are defined for each member of the Executive Management Committee, e.g. strategy, financial, leadership, stakeholder, or operational targets.

The payout based on any target is subject to a hurdle at 70% target achievement. In addition, no payout under the short-term incentive plan occurs, if the target achievement on the individual targets falls below 70%. The payout for any target is capped at 130%. The cumulative achievement rate of all targets and payout can therefore not exceed 130%.

Equity Incentive Plan

The purpose of the long-term incentive is to motivate and reward the members of the Executive Management Committee, who are expected to contribute significantly to the Company's success and to perform at the highest level and to further the best interests of the Company and its shareholders.

Under the Company's Equity Incentive Plan each member of the Executive Management Committee is granted a certain number of options in line with his/her function. These stock options are granted at the Board of Directors' discretion without any contractual or recurring obligations.

The options were granted in two installments: 50% on April 30, 2017 and 50% on October 31, 2017 with an exercise price of US$ 0.82 and US$ 0.82, respectively. Consistent with past practice, the exercise prices were determined based on the average closing price of the 30 days preceding the grant date. 50% of granted options granted to members of the Executive Management Committee vest after a period of service of two years from the grant date and the remaining 50% vest after a period of service of three years from the grant date. The options have a term of eight years.

3.4 Compensation awarded to the Executive Management Committee in 2017

The total compensation and the highest individual compensation of the members of the Executive Management Committee in 2017 are outlined below

in CHF	Fixed Cash Compensation	Variable Compensation(1)	Social contributions and fringe benefits	Stock Options(2)	Total
Thomas Meyer, PhD Chief Executive Officer(3)	363,600	—	60,490	127,895	551,985
Executive Management Committee Compensation(4)	**1,277,638**	**155,118**	**238,948**	**301,463**	**1,973,167**

1 The variable compensation is paid in cash. Dr. Meyer waived his short-term incentive for 2017.

2 2017 option grants. The fair value calculation of the options was based on the Black-Scholes option pricing model. Assumptions were made regarding inputs such as volatility and the risk-free rate in order to determine the fair value of the options.

3 Highest paid executive.

4 On 31 December 2017, the Executive Management Committee consisted of 3 members. Dr. Zoller and Dr. Jung retired from their functions as members of Executive Management Committee effective as of April 30, 2017 and December 31, 2017, respectively. Mr. Levett was appointed to the Executive Management Committee effective as of January 1, 2017. The compensation to the retired members of the Executive Committee for their services in 2017 is included in the Executive Management Committee compensation.

3.5 Compensation awarded to the Executive Management Committee in 2016

The total compensation and the highest individual compensation of the members of the Executive Management Committee in 2016 are outlined below:

in CHF	Fixed Cash Compensation	Variable Compensation(1)	Social contributions and fringe benefits	Stock Options(2)	Total
Thomas Meyer, PhD[3] Chief Executive Officer(3)	363,600	—	58,097	108,708	**530,405**
Executive Management Committee Compensation(4)	**1,220,292**	**196,751**	**226,645**	**227,717**	**1,871,405**

1 The variable compensation is paid in cash. Dr. Meyer waived his short-term incentive for 2016.

2 2016 option grants. The fair value calculation of the options was based on the Black-Scholes option pricing model. Assumptions were made regarding inputs such as volatility and the risk-free rate in order to determine the fair value of the options.

3 Highest paid executive.

4 On 31 December 2016, the Executive Management Committee consisted of 4 members. Dr. Stubinski and Dr. Zimmermann retired from their functions as members of Executive Management Committee on August 31, 2016 and September 30, 2016, respectively. Dr. Braun-Scherhag was appointed to the Executive Management Committee on May 1, 2016. Dr. Jung was appointed to the Executive Management Committee on September 1, 2016. The compensation to the retired members of the Executive Committee for their services in 2016 is included in the Executive Management Committee compensation.

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4. Loans, credits, post-retirement benefits to members of the Board of Directors and the Executive Management Committee

In 2017 and 2016, Auris Medical granted no loans to members of the Executive Management Committee and the Board of Directors, nor were there any such loans outstanding.

Exhibit 99.10

AURIS MEDICAL HOLDING AG
BAHNHOFSTRASSE 21, 6300 ZUG, SWITZERLAND

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 4:00 p.m. Eastern Time on March 8, 2018. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E36425-P02458 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

AURIS MEDICAL HOLDING AG

The Board of Directors recommends you vote FOR the following proposals:

		For Annahme	Against Ablehnung	Abstain Enthaltung
1.	Approval of the merger between Auris Medical Holding AG (as transferring entity) and Auris Medical NewCo Holding AG (as surviving entity) according to the terms and conditions set forth by the merger agreement dated 9 February 2018 and based on the interim balance sheet of Auris Medical Holding AG as of 30 September 2017 *Genehmigung der Fusion zwischen der Auris Medical Holding AG (als übertragende Gesellschaft) und der Auris Medical NewCo Holding AG (als übernehmende Gesellschaft) gemäss den Bestimmungen des Fusionsvertrags vom 9. Februar 2018 und gestützt auf die Zwischenbilanz der Auris Medical Holding AG per 30. September 2017*	☐	☐	☐
2.	Discharge of liability for the members of the Board of Directors and the Persons entrusted with the Company's Management *Entlastung der Mitglieder des Verwaltungsrats und der mit der Geschäftsführung der Gesellschaft betrauten Personen*	☐	☐	☐
3.1	Approval of the Compensation of the Board of Directors *Genehmigung der Vergütung des Verwaltungsrats*	☐	☐	☐
3.2	Approval of the Compensation of the members of the Executive Management Committee for the 2019 financial year *Genehmigung der Vergütung der Geschäftsleitung für das Geschäftsjahr 2019*	☐	☐	☐
4.1	Re-election of Thomas Meyer as member and as Chairman of the Board of Directors *Wiederwahl von Thomas Meyer als Mitglied und als Präsident des Verwaltungsrats*	☐	☐	☐
4.2	Re-election of Armando Anido as member of the Board of Directors *Wiederwahl von Armando Anido als Mitglied des Verwaltungsrats*	☐	☐	☐
4.3	Re-election of Mats Peter Blom as member of the Board of Directors *Wiederwahl von Mats Peter Blom als Mitglied des Verwaltungsrats*	☐	☐	☐
4.4	Re-election of Calvin W. Roberts as member of the Board of Directors *Wiederwahl von Calvin W. Roberts als Mitglied des Verwaltungsrats*	☐	☐	☐
4.5	Election of Alain Munoz as member of the Board of Directors *Wahl von Alain Munoz als Mitglied des Verwaltungsrats*	☐	☐	☐
5.1	Re-election of Armando Anido as member of the Compensation Committee *Wiederwahl von Armando Anido als Mitglied des Vergütungsausschusses*	☐	☐	☐
5.2	Election of Alain Munoz as member of the Compensation Committee *Wahl von Alain Munoz als Mitglied des Vergütungsausschusses*	☐	☐	☐
6.	Re-election of Deloitte AG as Auditors *Wiederwahl von Deloitte AG als Revisionsstelle*	☐	☐	☐
7.	Re-election of the Independent Proxy *Wiederwahl des unabhängigen Stimmrechtsvertreters*	☐	☐	☐
8.	General instruction on new proposals of the Board of Directors *Allgemeine Weisungen zu nicht angekündigten Anträgen / Verhandlungsgegenständen*	☐	☐	☐

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Extraordinary General Meeting:
Invitation to the Extraordinary General Meeting is available at www.proxyvote.com.

E36426-P02458

AURIS MEDICAL HOLDING AG
Extraordinary General Meeting of Shareholders
March 12, 2018 8:30 AM CET
Proxy for the Extraordinary General Meeting of Shareholders on March 12, 2018

Shareholders of record, who do not attend the Extraordinary General Meeting in person, may:

(a) grant a proxy to the independent proxy, Sandro Tobler, attorney at law, Schnurrenberger, Tobler, Gnehm & Partner, Alpenstrasse 2, 6300 Zug, Switzerland, in writing or electronically; or
(b) grant a proxy in writing to another shareholder or other third party.

Instructions to the independent proxy should be provided on the reverse side. If you provide a proxy to the independent proxy without any specific instructions on how to exercise your voting rights, the independent proxy will vote in accordance with the motions of the Board of Directors.

Aktionäre, die nicht persönlich an der ausserordentlichen Generalversammlung teilnehmen, können:

(a) dem unabhängigen Stimmrechtsvertreter, Herrn RA Sandro Tobler, Schnurrenberger, Tobler, Gnehm & Partner, Alpenstrasse 2, 6300 Zug, schriftlich oder elektronisch eine Vollmacht erteilen; oder
(b) einem anderen Aktionär oder einem Dritten schriftlich eine Vollmacht erteilen.

Instruktionen an den unabhängigen Stimmrechtsvertreter sind auf der Vorderseite zu vermerken. Wenn Sie dem unabhängigen Stimmrechtsvertreter eine Vollmacht erteilen, jedoch keine Weisungen zur Stimmrechtsabgabe erteilen, wird der unabhängige Stimmrechtsvertreter jeweils entsprechend dem Antrag des Verwaltungsrats abstimmen.

Proxy to another shareholder / third party:
Vollmacht an Aktionäre / Dritte:

I / We do not participate in person and grant power of attorney to:
Ich/Wir nehmen nicht persönlich teil und erteilen Vollmacht an:

Name: ____

Address: ____

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

(Continued and to be signed on the reverse side.)
(Bitte Instruktionen auf der Rückseite vermerken und unterzeichnen.)