

English convenience translation of the authoritative German version.

Invitation to the Extraordinary General Meeting (EGM)

December 15, 2021, 10:30 a.m. Swiss time

Hohenrainstrasse 24

4133 Pratteln, Switzerland

Coronavirus

Pursuant to Art. 27 para. 1 of the COVID-19 Ordinance 3, companies may provide that their shareholders exercise their rights solely in written form or in electronic form or by way of giving voting instructions to the independent proxy (*unabhängiger Stimmrechtsvertreter*).

On this basis, the Company hereby mandates that all shareholders exercise their rights at the EGM solely via the independent proxy. There is no possibility to attend the EGM in person.

Information on how to issue power of attorney and instructions to the independent proxy, electronically or in writing, can be found on pages 7 and 8 of this invitation.

The Board of Directors (the **Board**) further reserves the possibility to postpone the EGM. The communication of a postponement date would be made via publication in the SOGC and on the website of Santhera.

Agenda (Overview)

Background

- 1. Ordinary Capital Increase**
- 2. Increase of Authorized Capital and Amendment to the Articles of Incorporation**
- 3. Increase of the Conditional Capital for Financings and Amendment to the Articles of Incorporation**

Agenda, Motions and Explanations

Background

In the course of this year, we have seen significant progress in the successful pipeline developments and the organizational reorganization which had resulted in a significantly lower cost base, and we have implemented various measures to strengthen the capital structure of Santhera.

Vamorolone for the treatment of Duchenne muscular dystrophy (DMD)

On November 17, 2021, following the announcement of positive 24-week results from the VISION-DMD, pivotal Phase 2b study on June 2, 2021, we announced a successful outcome of a first pre-NDA meeting with the U.S. Food and Drug Administration (FDA) in which the FDA agreed that (i) the efficacy of vamorolone as demonstrated in the 24-week double-blind phase of the pivotal VISION-DMD study supports an NDA application and that (ii) the results from the 24-week double-blind phase of the pivotal VISION-DMD study and the open-label studies provide sufficient safety data to support an NDA filing of vamorolone for the treatment of DMD. The FDA also noted in its response that, as a synthetic steroid, vamorolone may have potential public health benefits for other indications. On this basis, Santhera will continue to collaborate with the FDA and evaluate opportunities for indications beyond DMD.

Additionally, on November 23, 2021 Santhera announced the completion and positive results of the vamorolone 48-week VISION-DMD study. Santhera plans a rolling NDA filing for vamorolone in DMD in Q1-2022 in the US and a filing in the EU during Q2-2022. A decision of the FDA could be expected to be obtained in Q4-2022 (if Santhera is granted a priority review (based on the fast track designation previously granted by the FDA)).

Santhera plans to launch vamorolone shortly after the FDA approval with our own organization that we are currently building up in the U.S. under the leadership of newly appointed President North America, Stephanie Brown, and main markets in Europe. Santhera is seeking collaborations outside those regions for DMD and for additional indications worldwide. Santhera estimates the peak product sales potential for vamorolone in the indication DMD alone to be in excess of USD 500 million in the US and the largest five European countries combined

Lonodelestat a neutrophil elastase inhibitor (hNE) in development to treat cystic fibrosis (CF)

Following the positive Phase 1b study results announced in March 2021, Santhera will continue the clinical development program to advance lonodelestat for the treatment of cystic fibrosis and potentially for other inflammatory pulmonary conditions, whether acute or chronic.

Financing

In the first three quarters of 2021, Santhera has implemented various measures to strengthen the capital structure of Santhera.

A partial restructuring of our CHF 60 Million Convertible Bonds due in February 2022 (**2017/22 CB**), which included the issuance of CHF 30,270,375 Convertible Bonds due in July 2024 (**2021/24 CB**), resulted in an outstanding repayment obligation under the 2017/22 CB of somewhat more than CHF 15 million. In September 2021, Santhera issued a private convertible bond in the amount of CHF 15 million. Santhera will use the proceeds from this bond to entirely repay the 2017/22 CB.

As a consequence of this restructuring, only in 2024, Santhera will have to repay a principal amount of up to CHF 19,561,500 under the 2021/24 CB (the balance of the 2021/24 CB having been already converted) and a principal amount of CHF 15 million under the newly issued private convertible bond.

On September 27, 2021, we announced that we had secured CHF 45 million in funding via an oversubscribed equity financing of CHF 20 million, a placement of the private convertible bond of CHF 15 million mentioned above and upsizing of an existing financing arrangement of up to CHF 10 million. This funding secures our liquidity needs until mid-2022, past the NDA filing for vamorolone in the United States that we currently plan to make in Q1-2022. However, additional funding will be required during 2022 to enable continued pipeline development and preparations for the commercialization of vamorolone.

On the Agenda Items and Proposals

We propose to the shareholders to approve an ordinary capital increase in respect of up to 20 million shares to allow for a potential financing or refinancing in Q1-2022 at short notice. At the same time, we propose to the shareholders an increase of our authorized share capital and our conditional share capital for financings to enable our Board to enter into equity or equity-based financings or re-financings at a moment favorable to the Company.

It is currently uncertain whether we will consummate a financing based on the ordinary capital increase (if approved by shareholders) within the statutory three-month time window. Also, we have not decided on the structure of any such financing. For instance, such financing could be in the form of a rights offering that would allow all eligible shareholders to participate, or in another transaction form at the exclusion of shareholders' subscription rights, such as a PIPE (Private Investment in Public Equity) or an ABB (accelerated book building).

1. Ordinary Capital Increase

Motions

The Board proposes an ordinary capital increase as follows:

- (1) The share capital of the Company shall be increased by up to CHF 20,000,000 by issuing up to 20,000,000 fully paid-in registered shares with a nominal value of CHF 1.00 each.
- (2) The Board of Directors shall be authorized to determine the issue price. The issue price shall be paid in cash or via set-off as determined by the Board of Directors.
- (3) The Board of Directors is authorized to determine the modalities for exercising subscription rights. In doing so, the Board of Directors may issue new shares by means of a firm underwriting by a bank, a banking syndicate or another third party and a subsequent offer to existing shareholders or third parties. The Board of Directors is authorized to allow, limit or exclude the trading of subscription rights. The Board of Directors may allow subscription rights that have not been exercised to lapse, or it may place them or shares for which subscription rights have been granted but not exercised at market conditions or otherwise use them in the interest of the Company.
- (4) The shareholders' subscription rights are hereby excluded. The Board of Directors is authorized to allocate subscription rights to some or all shareholders or to third parties, to the Company or to one of its

group companies (i) if the issue price of the new shares is determined taking into account the market price, (ii) for the purpose of expanding the Company's shareholder base in certain financial or investor markets, or (iii) for the purpose of raising equity capital quickly and flexibly by means of a share placement which would only be possible with subscription rights with difficulty, not within a useful period of time or on significantly worse terms.

- (5) The new shares shall be entitled to dividends as from the date of their issuance and shall be subject to the restrictions on transferability in accordance with Article 5 of the Articles of Incorporation.

Explanations

The proposed ordinary capital increase is intended to provide the Board with a flexible instrument enabling it to issue, without delay, new shares for financing purposes at a moment favorable to the Company.

While the Board would currently prefer to offer the new shares to eligible existing shareholders in a rights offering, it proposes to exclude the subscription rights of existing shareholders to retain the flexibility to select an alternative financing transaction form if required. If the ordinary capital increase is not consummated within three months after the date of the EGM, the respective resolutions of the EGM will lapse by operation of law.

For more explanations please refer to the section "Background" above.

2. Increases of Authorized Capital and Amendments to the Articles of Incorporation

Motions

- (1) The Board of Directors proposes to increase the authorized capital by CHF 15,441,481 and an extension thereof until December 14, 2023, and to amend Article 3a of the Articles of Incorporation as set out in the Annex.
- (2) Further, the Board of Directors proposes to increase the authorized capital on the date on which the completed ordinary capital increase proposed under agenda item 1 (the **Ordinary Capital Increase**) is registered in the commercial register (the **Registration Date**) by an additional amount of CHF 10,000,000* and to further amend Article 3a of the Articles of Incorporation accordingly. This resolution shall be conditional upon, and only be registered in the commercial register together with, the registration in the commercial register of the completed Ordinary Capital Increase.

*The Board plans to issue up to 20,000,000 shares by means of an ordinary capital increase as proposed in agenda item 1. The requested increase of the authorized capital according to motion (2) of this agenda item 2 is such that the authorized capital after completion of the Ordinary Capital Increase in full would be equal to the statutory maximum of 50% of the Company's then-issued share capital registered in the commercial register. Should the share capital registered in the commercial register be increased by the date of the EGM, the Board reserves the right to propose a higher increase amount in order to fully utilize the aforementioned 50% limit; in this case, the Board will announce the exact amount and the exact number of new shares prior to the General Meeting. The individual instructions given by the shareholders to the independent proxy regarding the exercise of voting rights will apply to the motions of the Board as may be specified in accordance with the foregoing.

Explanations

Currently, the authorized capital amounts to CHF 11,862,424. In this agenda item 2, the Board proposes to increase the authorized capital and to extend its duration to the statutory maximum of two years in order to

provide the Board with a flexible instrument enabling it to issue, without delay, new shares for financing purposes at a moment favorable to the Company.

To accommodate the statutory maximum size of the authorized capital of 50% of the issued share capital at any given point in time, the Board proposes to increase the authorized capital in two steps. In a first step, the Board proposes to increase the authorized capital by CHF 15,441,481 with immediate effect as per the date of the EGM (motion (1) of this agenda item 2). In a second step, the Board proposes to further increase the authorized capital by an additional amount of CHF 10,000,000 with effect as per completion of the Ordinary Capital Increase (motion (2) of this agenda item 2).

The Board reserves to amend its proposals under this agenda item, including as to the number of shares to be issued. If the Ordinary Capital Increase is not consummated within three months after this EGM or if the share capital to be registered in the commercial register as of the Registration Date is less than twice the amount of the authorized capital, as increased in accordance with motion (1) of this agenda item 2, a resolution as per motion (2) of this agenda item 2 will not become effective and will lapse automatically.

3. Increases of the Conditional Capital for Financings and Amendments to the Articles of Incorporation

Motions

- (1) The Board of Directors proposes to increase the conditional capital for financing, mergers and acquisitions by CHF 15,038,128 and to amend Article 3c of the Articles of Incorporation as per the Annex.
- (2) Further, the Board of Directors proposes to increase the conditional capital for financing, mergers and acquisitions existing on the Registration Date by an additional amount of CHF 10,000,000* and to amend Article 3c of the Articles of Incorporation accordingly. This resolution shall be conditional upon, and only be registered in the commercial register together with, the registration in the commercial register of the completed Ordinary Capital Increase.

* The Board plans to issue 20,000,000 shares by means of an ordinary capital increase as proposed in agenda item 1. The requested increase of the conditional capital according to motion (2) of this agenda item 3 is calculated in such a way that the conditional capital according to Articles 3b and 3c of the Articles of Incorporation after completion of the Ordinary Capital Increase in full would be equal to the statutory maximum of 50% of the Company's then-issued share capital in the commercial register. Should the share capital registered in the commercial register be increased by the date of the EGM, the Board reserves the right to propose a higher increase amount in order to fully utilize the aforementioned 50% limit; in this case, the Board will announce the exact amount and the exact number of new shares prior to the General Meeting. The individual instructions given by shareholders to the independent proxy regarding the exercise of voting rights will apply to the motions of the Board as may be specified in accordance with the foregoing.

Explanations

Currently, the conditional capital for financing, mergers and acquisitions amounts to CHF 6,840,100. In this agenda item 3, the Board proposes to increase this conditional capital in order to use it as underlying of existing share delivery obligations of the Company, which otherwise have to be covered by shares from other sources.

To accommodate the statutory maximum amount of the aggregate conditional capital of 50% of the issued share capital at any given point in time, the Board proposes to increase the conditional capital ac-

ording to Art. 3c of the Articles of Incorporation in two steps. In a first step, the Board proposes to increase the conditional capital by CHF 15,038,128 with immediate effect as per the date of the EGM (motion (1) of this agenda item 3). In a second step, the Board proposes to further increase such conditional capital by an additional amount of CHF 10,000,000 with effect as per completion of the Ordinary Capital Increase (motion (2) of this agenda item 3).

The Board reserves to amend its proposals under this agenda item, including as to the number of shares to be issued. If the Ordinary Capital Increase is not consummated within three months after this EGM or if the share capital to be registered in the commercial register as of the Registration Date is less than twice the amount of the aggregate conditional capital of the Company, as increased in accordance with motion (1) of this agenda item 3, a resolution as per motion (2) under this agenda item 3 will not become effective and will lapse automatically.

Pratteln, November 24, 2021

For the Board

Elmar Schnee

Chairman

Organizational Remarks

Voting right and share register closure

Shareholders registered in the share register with the right to vote as of December 7, 2021 at 5 p.m. Swiss time will receive the proxy form and will be able to vote by these means. The Company's share register will close on December 7, 2021 at 5 p.m. Swiss time 2021, and will reopen on December 16, 2021.

Granting of power of attorney to the independent proxy

All shareholders can exercise their rights at the EGM solely via the independent proxy (*unabhängiger Stimmrechtsvertreter*), **Dr. Balthasar Settelen**, attorney-at-law, Centralbahnstrasse 7, P.O. Box 206, 4010 Basel, Switzerland. There is no possibility to attend the EGM in person or to grant a power of attorney to another shareholder with voting rights.

Shareholders may grant power of attorney and give instructions to the independent proxy as follows:

- by filling out and sending back the proxy form; or
- electronically via <https://santhera.netvote.ch>. The required login information will be sent to shareholders together with the written documents for the Extraordinary General Meeting. Changes to the electronically transferred instructions can be made until December 13, 2021 at 11.59 p.m. Swiss time 2021.

Unless other instructions are given to the independent proxy, the independent proxy, in accordance with the proxy form or the electronic instruction form, is appointed to vote for the proposals made by the Board.

Invitation to the AGM via Email

If you would like to receive the invitation to the general meeting of shareholders by e-mail in the future, you can

select the option "select dispatch method" on <https://santhera.netvote.ch>. The login details are printed on the enclosed reply form. You may change the dispatch method on <https://santhera.netvote.ch> at any time.

Venue

The EGM takes place at the headquarters of Santhera. There is no possibility to attend the EGM in person.

Proposed Amendments to the Articles of Incorporation (convenience translation)

Article 3a (current)	Article 3a (proposed)
Authorized Share Capital The Board of Directors shall be authorized, including in connection with an intended takeover, at any time until June 21, 2023 to increase the share capital in an amount not to exceed 11,862,424 through the issuance of up to 11,862,424 fully paid registered shares with a nominal value of CHF 1 each. ...	Authorized Share Capital The Board of Directors shall be authorized, including in connection with an intended takeover, at any time until December 14, 2023, to increase the share capital in an amount not to exceed CHF 27,303,905 through the issuance of up to 27,303,905 fully paid registered shares with a nominal value of CHF 1 each. ...

Article 3c (current)	Article 3c (proposed)
Conditional Share Capital for financing and mergers & acquisitions The share capital of the Company shall be increased by a maximum aggregate amount of CHF 6,840,100 through the issuance of a maximum of 6,840,100 registered shares, which shall be fully paid-in, with a par value of CHF 1 per share by the exercise or mandatory exercise of option and/or conversion rights which are granted in connection with the existing and future issue of bonds, loans, similar obligations or other financial instruments by or contractual obligations of the Company or another group company, and/or by the exercise of existing and future options which are granted by the Company or another group company (hereinafter, collectively, the Financial Instruments)	Conditional Share Capital for financing and mergers & acquisitions The share capital of the Company shall be increased by a maximum aggregate amount of CHF 21,878,228 through the issuance of a maximum of 21,878,228 registered shares, which shall be fully paid-in, with a par value of CHF 1 per share by the exercise or mandatory exercise of option and/or conversion rights which are granted in connection with the existing and future issue of bonds, loans, similar obligations or other financial instruments by or contractual obligations of the Company or another group company, and/or by the exercise of existing and future options which are granted by the Company or another group company (hereinafter, collectively, the Financial Instruments) ...