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Questions and Answers on the Reverse Share Split proposed to the AGM 2023

Background

What is a reverse share split?

In a reverse share split, shares are merged/combined (in contrast to a share split, in which shares are divided). In our case, 10 existing shares with a nominal value of CHF 0.01 each (each a **Pre-Consolidation Share**) will be merged into one new share with a nominal value of CHF 0.10 each (each a **Post-Consolidation Share**).

As an existing shareholder, do I have to do anything to get the Post-Consolidation Shares?

No. Your custodian bank will automatically exchange your Pre-Consolidation Shares for Post-Consolidation Shares by applying the ratio of 10 to 1. This is subject to the approval of the reverse share split by the shareholders of Santhera at the Annual General Meeting (AGM) on June 27, 2023.

Why does Santhera plan to perform a reverse share split?

The shares of Santhera have recently been trading around CHF 1.00, which can be perceived negatively by some investors. Santhera believes that the reverse share split should make the Company's shares more attractive to a broader range of investors, as the current market price of the shares may affect the shares' acceptability to certain institutional investors, professional investors and other members of the investing public. In particular, some institutional investors and mutual funds even have policies against taking positions in a share whose price is below a minimum value or considered a "penny stock". Therefore, Santhera would like to conduct a reverse share split to increase the nominal value per share and, *ceteris paribus*, the market price per share.

Technical aspects

What is the proposed exchange ratio for the reverse share split?

The contemplated exchange ratio is 10 shares with a nominal value of CHF 0.01 each (Pre-Consolidation Shares) into one share with a nominal value of CHF 0.10 each (Post-Consolidation Shares).

When will the reverse share split be implemented?

If the proposed reverse share split is approved at Santhera's AGM on June 27, 2023, the reverse share split is expected to be implemented in the beginning of July 2023. The holder of Pre-Consolidation Shares on the day prior to the implementation of the reverse share split, after the close of trading on SIX Swiss Exchange is eligible to receive Post-Consolidation Shares. The Company will communicate the final timeline in advance through an ad hoc release after the AGM.

Am I required to take any steps as a shareholder to receive Post-Consolidation Shares?

No. The Pre-Consolidation Shares in the shareholders' custody accounts will be exchanged for Post-Consolidation Shares automatically without any action required on the part of the shareholders.

Can I trade my Santhera shares without interruption at any time?

Yes. Santhera shares may be traded uninterrupted on the SIX Swiss Exchange, including before, on and after the date of the reverse share split.

What happens when I hold a number of shares that is not divisible by ten?

If you hold a number of Pre-Consolidation Shares not divisible by 10, then you will receive a cash payment for those shares that cannot be divided by ten. For example, if you hold 109 Pre-Consolidation Shares, you will receive 10 Post-Consolidation Shares and a cash compensation for the remaining 9 Pre-Consolidation Shares.

Can I avoid rounding down and receiving a cash compensation?

Yes. If you want to avoid being rounded down and receiving a compensation in cash (CHF) as a result of the rounding down of fractions, you may consider adjusting your shareholding prior to the implementation of the reverse share split upwards or downwards, so as to ensure that you hold a number of Pre-Consolidation Shares divisible by 10. Please note that the usual costs, taxes and expenses would apply to any transaction in Pre- or Post-Consolidation Shares you may effect.

How does the nominal value of a share change?

The nominal value of the Santhera shares will increase from CHF 0.01 per Pre-Consolidation Share to CHF 0.10 per Post-Consolidation Share. Conversely, the number of Post-Consolidation Shares will be 10 times lower than the number of Pre-Consolidation Shares.

Will my voting rights in Santhera change?

Other than because of the rounding-down of fractions, if applicable, Santhera shareholders' percentage holdings and thus their voting power will not be affected by the reverse share split.

What will a shareholder who holds a number of Pre-Consolidation Shares divisible by 10 obtain?

Shareholders holding a number of Pre-Consolidation Shares exactly divisible by 10 will obtain one Post-Consolidation Share for every 10 Pre-Consolidation Shares held prior to the reverse share split.

Example: Prior to the reverse share split, shareholder A held 20 Pre-Consolidation Shares. After the reverse share split, the 20 Pre-Consolidation Shares are exchanged for two Post-Consolidation Shares. See the illustration below (Example A).

What compensation do shareholders holding 9 or fewer Pre-Consolidation Shares obtain?

Shareholders holding 9 or fewer Pre-Consolidation Shares will be compensated in cash (CHF) equivalent to the number of shares held prior to the reverse share split at a fixed price, being a volume-weighted average price (VWAP) of the Pre-Consolidation Shares for three trading days preceding the ex date of the reverse share split (the **Fractional Share Compensation**).

Example: Prior to the reverse share split, shareholder B held 9 Pre-Consolidation Shares. After the reverse share split, shareholder B automatically obtains from its depository bank the Fractional Share Compensation. See the illustration below (Example B).

What will a shareholder who holds a number of Pre-Consolidation Shares greater than 10 but not divisible by 10 obtain?

Shareholdings greater than 10 but not divisible by 10 will be rounded down to the nearest number divisible by 10 and these shareholders will receive one Post-Consolidation Share in exchange for every full 10 Pre-Consolidation Shares. For the difference between the number of Pre-Consolidation Shares and the rounded down number of Post-Consolidation Shares (fractions), the shareholders will receive the Fractional Share Compensation.

Example: Shareholder C held 19 Pre-Consolidation Shares before the reverse share split. After the reverse share split, the shareholder holds 1 Post-Consolidation Share and receives the Fractional Share Compensation for 9 Pre-Consolidation Shares. See the illustration below (Example C).

How much do I get paid as a compensation for fractions (cash compensation per share)?

Fractions will be compensated in cash at a fixed price corresponding to a three-day volume-weighted average price (VWAP) of the Santhera share preceding the implementation (ex date) of the reverse share split.

Will the reverse share split affect all shareholders uniformly?

Yes. The reverse share split affects all shareholders uniformly and does not alter any shareholder's percentage ownership interests or proportionate voting power, except to the extent that the reverse share split results in any of the shareholders receiving cash in lieu of a fractional share, i.e., the Fractional Share Compensation. These cash payments may reduce the post-reverse share split number of shareholders of the Company by the number of shareholders who had less than 10 pre-consolidation shares and were paid out for their holding without receiving post-consolidation shares.

What should I do if I haven't received the Post-Consolidation Shares or the Fractional Share Compensation?

The custodian banks are instructed to execute the reverse share split. Please contact your custodian bank directly with any related questions.

I am registered as shareholder in the share register of Santhera. Do I need to re-register my holdings after the reverse share split?

Yes. For technical reasons, shareholders must be re-registered in Santhera's share register after the reverse share split if they wish to continue to be registered as shareholders. In the Swiss market and within Swiss major banks, the re-registration happens automatically, but this depends on your agreement with your custodian bank. We recommend that you contact your custodian bank if you have any questions or to ensure the re-registration.

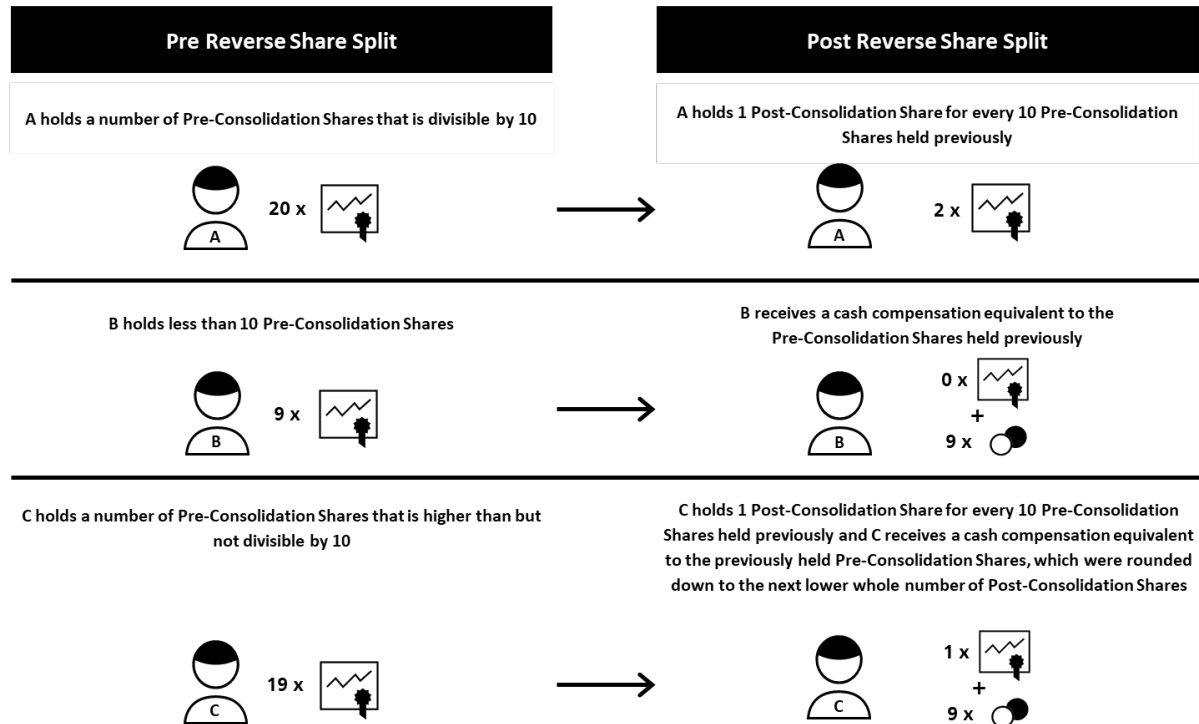
What are the costs of the implementation of the reverse share split for a shareholder?

The custodian banks are instructed to execute the reverse share split without debiting any costs or expenses to our shareholders. Please contact your custodian bank directly with any related questions. Please note that if you effect any transactions in Pre- or Post-Consolidation Shares, the usual costs, taxes and expenses would apply to such transactions.

Will a shareholder be subject to Swiss taxes on the reverse share split?

Santhera will pay any securities transfer tax (*Umsatzabgabe*) that may be levied in connection with the reverse share split. Generally, we recommend that Santhera shareholders and beneficial owners of Santhera shares consult a tax advisor regarding any tax aspects related to their shareholdings.

Illustration of the Reverse Share Split from the Shareholder's Perspective



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