

English convenience translation of the authoritative German version.

Invitation to the Annual General Meeting of Shareholders (AGM)

Tuesday, June 22, 2021, 10:30 a.m.

Hohenrainstrasse 24

4133 Pratteln, Switzerland

We are a clinical late stage company focusing to developing our lead asset vamorolone to success and continuing to broaden our pipeline with lonodelestat. We are very close to the pivotal VISION-DMD study readout for vamorolone that will bring significant benefits to patients and shareholders, provided that such readout is successful.

The resolutions being put forward to shareholders assume a successful readout of the said study. The further development from clinical late stage through commercialization requires significant additional funding to bring vamorolone to approval and subsequently to a commercial launch, first in the US and later in Europe. To achieve this, we will rebuild the company by significantly increasing our workforce mainly with new hires in the US market. To be successful in our endeavors, we will also need additional capital to implement that strategy and the request to shareholders at the upcoming Annual General Meeting is to provide the flexibility and support through the motions to allow us to execute on this strategy.

In order to provide flexibility to raise sufficient additional funding in the short and medium term, these resolutions propose a substantial increase in ordinary, conditional and authorized capital. Such an increase would allow for maximum flexibility to fund and grow the company. The potential funding from equity will also be considered alongside other forms of potential non-dilutive funding sources.

Due to the current capital structure and the limitations to the quantity of approved but unissued shares imposed by the Swiss Code of Obligations as well as to provide for flexibility, there is a two-step approval process. The first step involves an approved increase in ordinary capital. This capital should then be issued within a three-month period and to the extent it remains unissued beyond that date, the approval will lapse. Correspondingly, there is an increase in authorized and conditional capital based on the currently issued ordinary capital. The second step allows for a further increase in authorized and conditional capital on the assumption that the ordinary capital increase has been approved. To the extent this ordinary capital is not fully issued, the amount of authorized and conditional capital would be reduced.

In order to facilitate these actions in a timely and flexible manner the Board of Directors (BoD) is proposing the following capital measures to Santhera shareholders at this Annual General Meeting:

- (1) As a first step:
 - a. An increase in ordinary capital of CHF 11.2 million to approximately CHF 40 million
 - b. An increase of the authorized capital by at least CHF 10.2 million to approximately CHF 14.3 million
 - c. An increase in conditional capital for financing by at least CHF 0.6 million to approximately CHF 8.8 million

- (2) In a second step, (dependent upon the consummation of the additional issued ordinary capital from CHF 11.2 million from the first step above, within three months of the AGM i.e. September 22, 2021)
- a. A further increase of the authorized capital by CHF 5.6 million to approximately CHF 20 million
 - b. An increase in conditional capital for financing by at least CHF 5.6 million to approximately CHF 14.5 million

The amounts in this overview are rounded to nearest CHF 0.1 million; only the amounts in the formal part of the invitation are authoritative.

If all these proposals are approved and can be executed, Santhera would have a total of approximately 33.4 million shares at its disposal to enable further financing. A portion of these shares would be used (as in the past) to facilitate conversions by creditors of the two outstanding convertible bonds (SAN17 and SAN21).

In addition to the approval of additional shares to support the company financing, resolutions also provide for an increase to employee participation schemes. In order to further develop and commercialize vamorolone the company will be looking to hire and retain a significant number of talented individuals in both the US and Europe and so requires the flexibility to provide competitive performance grants as long-term incentives for employees to participate in long term share appreciation.

Coronavirus

Pursuant to Art. 27 para. 1 of the COVID-19 Ordinance 3, companies may provide that their shareholders exercise their rights solely 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 ordinary General Meeting of shareholders solely via the independent proxy. There is no possibility to attend the AGM in person.

Information on how to issue power of attorney and instructions to the independent proxy, electronically or in writing, can be found on page 14 of this invitation.

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

Agenda (Overview)

- 1. Approval of the Annual Financial Statements and the Consolidated Financial Statements 2020**
- 2. Appropriation of the Annual Result and Allocation of Reserves**
- 3. Consultative Vote on the Compensation Report 2020**
- 4. Discharge of the Members of the Board of Directors and of the Executive Management from Liability for the Financial Year 2020**
- 5. Ordinary Capital Increase**
- 6. Increases of Authorized Capital and Amendments to the Articles of Incorporation**
- 7. Increase of the Conditional Capital for Financing**
- 8. Increase of the Conditional Capital for Employee Participations**
- 9. Re-election of the Members of the Board of Directors and of the Chairman of the Board**
- 10. Re-election of the Members of the Compensation Committee**
- 11. Approval of the Compensation of the Members of the Board of Directors**
- 12. Approval of the Compensation of the Members of the Executive Management**
- 13. Re-election of the Statutory Auditors**
- 14. Re-election of the Independent Proxy**

Agenda Items, Motions and Explanations

1. Approval of the Annual Financial Statements and the Consolidated Financial Statements 2020

Motions

The Board of Directors proposes to approve the Annual Financial Statements and the Consolidated Financial Statements for the 2020 financial year.

2. Appropriation of the Annual Result and Allocation of Reserves

Motions

(a) Loss Carryforward

The Board of Directors proposes to carry forward the annual loss for 2020 of CHF 7,424,032 to the new account.

(b) Allocation of Reserves from Capital Contribution to Free Reserves

The Board of Directors proposes to allocate the amount of CHF 12,000,000 from the reserves from capital contributions to the free reserves.

Explanations

(a) Loss Carryforward

The net annual loss for 2020 amounted to CHF 7,424,032. The loss carryforward of the previous financial years amounts to CHF 32,377,063. After appropriation of the annual loss, the total loss carryforward amounts to CHF 39,801,095.

In CHF	2020	2019
Loss carryforward of previous financial years	-32,377,063	-23,622,409
Annual loss	-7,424,032	-8,754,654
Total loss carryforward	-39,801,095	-32,377,063

(b) Allocation of Reserves from Capital Contributions to Free Reserves

The Board of Directors proposes to re-allocate an amount of CHF 12,000,000 from the reserves from capital contributions (which amount to CHF 12,079,559) to the free reserves. To this extent, the reserves from capital contributions could no longer be used for tax-free distributions. As a result of such allocation, the free reserves would be increased from CHF 83,994,714 to CHF 95,994,714 and the reserves from capital contributions would be reduced from CHF 12,079,559 to CHF 79,559.

3. Consultative Vote on the Compensation Report 2020

Motion

The Board of Directors proposes to approve the Compensation Report 2020 in a non-binding consultative vote.

Explanations

The Compensation Report 2020 covers the fundamentals of the compensation for the members of the Board of Directors and of the Executive Management as well as the compensation paid to them during the financial year 2020. In compliance with Article 25 of the Articles of Incorporation and the recommendations of the Swiss Code of Best Practice for Corporate Governance, the Board of Directors submits the Compensation Report 2020 to the AGM for a non-binding consultative vote.

4. Discharge of the Members of the Board of Directors and of the Executive Management from Liability for the Financial Year 2020

Motions

(a) Discharge of the Members of the Board of Directors

The Board of Directors proposes to grant discharge from liability to the members of the Board of Directors for their activities during the financial year 2020.

(b) Discharge of the Members of the Executive Management

The Board of Directors proposes to grant discharge from liability to the members of the Executive Management for their activities during the financial year 2020.

5. Ordinary Capital Increase

Motions

The Board of Directors proposes an ordinary capital increase as follows:

- (1) The share capital of the Company shall be increased by up to CHF 11,236,489 by issuing up to CHF 11,236,489 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 issue price and 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 the existing shareholders or to third parties (to the extent that the subscription rights of the existing shareholders have been excluded or not validly exercised). 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.

The Board of Directors is authorized to limit or cancel the shareholders' subscription rights and to allocate them to third parties, the Company or 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.

- (4) The new shares shall be entitled to dividends as from the time 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 of Directors with a flexible instrument enabling it to issue, without delay, new shares for financing purposes at a moment favorable to the Company.

The number of shares by which the share capital is to increase has been chosen in such a way that the share capital of the Company registered in the commercial register – based on the share capital of CHF 28,763,511 currently registered in the commercial register - will amount to CHF 40 million after completion of the ordinary capital increase in full. The effective share capital of the Company as of May 26, 2021, including shares issued from conditional capital and not yet registered in the commercial register, amounted to CHF 29,303,511. The share capital may further be increased in the near future through the issuance of shares from conditional or authorized capital.

The Board of Directors expects to exclude the subscription rights of existing shareholders if the ordinary capital increase is approved by the shareholders. If the ordinary capital increase is not consummated within three months after the date of the Annual General Meeting, the respective resolutions of the Annual General Meeting will lapse by operation of law.

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

Motions

- (1) The Board of Directors proposes to increase the authorized share capital by CHF 10,232,928 and an extension thereof until June 21, 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 5 (the **Ordinary Capital Increase**) is registered in the commercial register (the **Registration Date**) by an additional amount of CHF 5,618,244* 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 requested increase of the authorized capital according to motion (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 Annual General Meeting, the Board of Directors reserves the right to propose a higher increase amount in order to fully utilize the aforementioned 50% limit; in this case, the Board of Directors 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 of Directors as may be specified in accordance with the foregoing.

Explanations

Currently, the authorized capital amounts to CHF 4,148,827. To accommodate the statutory maximum amount of the authorized capital of 50% of the issued share capital at any given point in time, the Board of Directors proposes to increase the authorized capital in two steps. In a first step, the Board of Directors proposes to increase the authorized capital by CHF 10,232,928 with immediate effect as per the date of the Annual General Meeting (motion 1). In a second step, the Board of Directors proposes a further increase of the authorized capital by an additional amount of CHF 5,618,244 with effect as per completion of the Ordinary Capital Increase (motion 2).

The Board of Directors 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 General Meeting or if the share capital to be registered in the commercial register as of the Registration Date is less than twice the authorized capital, as increased in accordance with motion 2, a resolution as per motion 2 under this agenda item will not become effective and will lapse automatically.

7. Increase of the Conditional Capital for Financing

Motions

- (1) The Board of Directors proposes to increase the conditional capital for financing, mergers and acquisitions by CHF 649,285 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 5,618,244* 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 requested increase of the conditional capital according to motion 2 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 Annual General Meeting, the Board of Directors reserves the right to propose a higher increase amount in order to fully utilize the aforementioned 50% limit; in this case, the Board of Directors 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 of Directors as may be specified in accordance with the foregoing.

Explanations

Currently, the conditional capital registered in the commercial register for financing, mergers and acquisitions amounts to CHF 8,195,418. The overall share capital of the Company as of May 26, 2021, including shares issued from conditional capital and not yet registered in the commercial register, amounted to CHF 29,303,511.

On February 10, 2017, the Company issued a convertible bond in the amount of CHF 60 million (SAN17). This bond has been restructured and the outstanding nominal value is CHF 15,155,000. SAN17 is convertible into up to 233,872 shares at a price of CHF 64.80 per share.

In early May, the Company successfully restructured SAN17, inter alia by issuing a new convertible bond (SAN21) with a nominal value of CHF 30,275,375. Taking into account conversions already made, SAN21 is convertible into up to 7,874,142 shares at a price of CHF 3.0029 per share. In addition, the Company has the option to pay the bond interest in shares.

The Board of Directors proposes to increase the conditional capital for financing, mergers and acquisitions as underlying for SAN21 (including interest payments) and for other purposes according to Article 3c of the Articles of Incorporation.

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 of Directors proposes to increase the conditional capital according to Art. 3c of the Articles of Incorporation in two steps. In a first step, the Board of Directors proposes to increase the conditional capital by CHF 649,285 with immediate effect as per the date of the Annual General Meeting (motion 1). In a second step, the Board of Directors proposes to further increase such conditional capital by an additional amount of CHF 5,618,244 with effect as per completion of the Ordinary Capital Increase (motion 2).

The Board of Directors 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 General Meeting or if the share capital to be registered in the commercial register as of the Registration Date is less than twice the amount of conditional capital, as increased in accordance with motion 2, a resolution as per motion 2 under this agenda item will not become effective and will lapse automatically.

8. Increase of the Conditional Capital for Employee Participations

Motion

The Board of Directors proposes to increase the conditional capital for employee participations from CHF 2,537,052 by CHF 3,000,000 to CHF 5,537,052 and to amend Article 3b of the Articles of Incorporation as per the Annex.

Explanations

The Board of Directors proposes to increase the conditional capital for employee participations for the

issuance of new share-based instruments (performance share units and options) to existing and new employees, primarily in the USA, under the long-term incentive plan (LTI) as well as for the issuance of restricted shares to the members of the Board of Directors.

The conditional capital for employee participation in the amount of CHF 5,573,052 corresponds to 7% of the expected share capital after completion of the Ordinary Capital Increase in the full amount according to agenda item 5 and the utilization of the authorized and conditional capital for financing.

For the issuance of new share-based instruments to existing employees, including variable compensation for members of the Executive Management (see agenda item 12), it is planned to use approximately 1,000,000 shares under the LTI 2021. Share-based instruments issued on a one-off basis in the recent past, including performance share units (PSU), provide for a long-term, phased grant over three years, which is why further shares from the conditional capital for employee participations will still have to be issued for the purposes of the LTI program as part of the Company's development phase.

The results of the clinical trial of Vamorolone in Duchenne Muscular Dystrophy (VISION-DMD) are expected shortly. On the basis of positive data it is planned to gradually hire a significant number of employees over the next twelve months, which may result in up to a fourfold increase in the current number of employees. The largest increase in employees will incur in the USA to support activities prior to commercialization. The motion is aimed at offering competitive terms in the form of participation rights to attract and retain talented employees while reducing cash compensations to what is necessary.

For the issuance of equity-based instruments to new employees as part of employee recruitment, primarily in the USA, it is expected that just under 50% of the requested increase in the conditional capital for employee participations, or 1,400,000 shares, will be required. For the further development and commercialization of Vamorolone, it is planned to prioritize the upsizing of the organization in the USA. Based on market information, it is expected that the value of initial employee participation grants as part of the recruitment process in the USA will be 18% to 160% of a base annual salary (depending on position and region).

It is planned to use 600,000 shares for the issuance of new restricted shares to the members of the Board of Directors. Please refer to agenda item 11.

9. Re-election of the Members of the Board of Directors and Re-election of the Chairman of the Board

Motions

(a) Re-election of Elmar Schnee to the Board of Directors

The Board of Directors proposes the re-election of Elmar Schnee as a member of the Board of Directors until the end of the 2022 AGM.

(b) Re-election of Philipp Gutzwiller to the Board of Directors

The Board of Directors proposes the re-election of Philipp Gutzwiller as a member of the Board of Directors until the end of the 2022 AGM.

(c) Re-election of Thomas Meier to the Board of Directors

The Board of Directors proposes the re-election of Thomas Meier as a member of the Board of Directors

until the end of the 2022 AGM.

(d) Re-election of Patrick Vink to the Board of Directors

The Board of Directors proposes the re-election of Patrick Vink as member of the Board of Directors until the end of the 2022 AGM.

(e) Re-election of Elmar Schnee as Chairman of the Board of Directors

The Board of Directors proposes the re-election of Elmar Schnee as Chairman of the Board of Directors until the end of the 2022 AGM.

Explanations

Martin Gertsch, member of Santhera's Board of Directors since 2006, will not stand for re-election. We sincerely thank Martin Gertsch for his great commitment and valuable contributions and wish him all the best for the future.

The members and the Chairman of the Board of Directors will have to be elected individually. The term of office of all members of the Board of Directors will end at this year's AGM. All other members of the Board of Directors stand for re-election. Elmar Schnee is proposed for re-appointment as chairman of the Board of Directors. His experience provides crucial support to the management, in particular as the Company is moving towards a first launch of Vamorolone in the USA and is considering a dual listing on Nasdaq.

10. Re-election of Members of the Compensation Committee

Motions

(a) Re-election of Elmar Schnee as member of the Compensation Committee

The Board of Directors proposes the re-election of Elmar Schnee as a member of the Compensation Committee until the end of the 2022 AGM.

(b) Re-election of Patrick Vink as member of the Compensation Committee

The Board of Directors proposes the re-election of Patrick Vink as a member of the Compensation Committee until the end of the 2022 AGM.

Explanations

The members of the Compensation Committee will have to be elected individually by the AGM. Only members of the Board of Directors are eligible. It is intended that Patrick Vink will be re-appointed as Chairman of the Compensation Committee.

11. Approval of the Compensation of the Members of the Board of Directors

Motions

(a) Ordinary Compensation of the Members of the Board of Directors

The Board of Directors proposes the approval of a maximum total amount of fixed compensation of the

Board of Directors of CHF 625,000 (excl. employer contributions to AHV/IV/ALV) until the 2022 AGM.

(b) Extraordinary Compensation of the Members of the Board of Directors

The Board of Directors proposes to approve an additional maximum total amount for the compensation of the members of the Board of Directors for the current financial year in the amount of CHF 400,000 (excl. employer contributions to AHV/IV/ALV).

Explanations

(a) Ordinary Compensation of the Members of the Board of Directors

With the exception of Martin Gertsch, the current members of the Board of Directors will be proposed for re-election at the 2021 Annual General Meeting.

In case of approval of the proposed total compensation of the Board of Directors by the AGM, the Board of Directors plans to compensate the chairmanship and the membership of the Board of Directors and its Committees as follows:

Function	Compensation (CHF)*	Number	Total (CHF)*
<i>Chairman of the Board of Directors</i>	<i>180,000</i>	<i>1</i>	<i>180,000</i>
<i>Member of the Board of Directors</i>	<i>115,000</i>	<i>3</i>	<i>345,000</i>
<i>Chairman of the Audit Committee</i>	<i>30,000</i>	<i>1</i>	<i>30,000</i>
<i>Member of the Audit Committee</i>	<i>10,000</i>	<i>1</i>	<i>10,000</i>
<i>Chairman of the Compensation Committee</i>	<i>20,000</i>	<i>1</i>	<i>20,000</i>
<i>Member of the Compensation Committee</i>	<i>10,000</i>	<i>1</i>	<i>10,000</i>
<i>Chairman of the Scientific Committee</i>	<i>20,000</i>	<i>1</i>	<i>20,000</i>
<i>Member of the Scientific Committee</i>	<i>10,000</i>	<i>1</i>	<i>10,000</i>
Total			625,000

** excluding employer contributions to AHV/IV/ALV*

The total compensation of CHF 625,000 (excluding employer contributions to AHV/IV/ALV) would be paid at a minimum of 50% in the form of restricted shares and the remainder in cash fees. The value of the restricted shares represents a market value that takes into account the following elements, among others: Share price on the day of the AGM, vesting on the day before the 2022 AGM and thereafter a restriction period until June 21, 2024, during which the restricted shares may generally not be sold. Members of the Board of Directors may elect to receive up to 100% of their cash fee in the form of restricted shares.

The amount effectively paid out in the period from the 2020 AGM to the 2021 AGM is expected to be CHF 946,016, which is significantly lower than the approved amount of CHF 1,188,000 for the same period, as the Board of Directors has waived a substantial part of its cash compensation. The table below sets out the approved maximum compensation for the Board of Directors for the period from the 2020 AGM to the 2021 AGM, the estimated actual compensation for the same period and the proposed maximum compensation for the period from the 2020 AGM to the 2021 AGM.

	<i>Approved</i> AGM 2020 - AGM 2021	<i>Remunerated/Payable</i> AGM 2020 - AGM 2021
Fixed Compensation (CHF)	594,000	352,013
Share Appreciation Rights (CHF)	594,000	594,003
Total (CHF)	1,188,000	946,016

(b) Extraordinary Compensation of the Members of the Board of Directors

The Board of Directors plans to temporarily reduce the number of members to four after the stepping down of Martin Gertsch and to propose suitable candidates—who then will be able to support the new orientation of the Company in the interests of the shareholders—to the shareholders for election at a later date. To attract new members, the Board of Directors is considering granting restricted shares up to a maximum of 75% of the normalized total annual compensation on a one-time basis at the time of the first election to the Board of Directors, which would vest in equal parts over a period of 3 years from the first election to the Board of Directors and could not be sold during this period.

In addition, the Board of Directors plans to require its members to build up, over a period of 2 years after the 2021 AGM (or, in the case of future new members, 2 years after their election), and hold shares in the amount of the ordinary compensation for one election period (excluding committee fees). In this way, the Board of Directors intends to tie its members more closely to the Company in order to monitor the implementation of the new strategy in the interests of the shareholders. In order to achieve equality between the current members of the Board of Directors and any new members, the Board of Directors proposes a one-off grant of restricted shares to current members of the Board of Directors in the maximum total amount of CHF 400'000 (excluding employer contributions to AHV/IV/ALV) for the current financial year. The restricted shares would be allocated over a period of 3 years in 3 equal tranches each starting on the day of the 2021 AGM. The restricted shares would also be subject to a restriction period until and including June 21, 2024.

The Board of Directors proposes the approval of this motion by the General Meeting of shareholders on the basis of Article 25 of the Articles of Incorporation, according to which the Board of Directors may submit for approval by the General Meeting of shareholders deviating, additional or conditional proposals with regard to the maximum total amounts and/or individual compensation elements.

12. Approval of the Compensation of the Members of the Executive Management

Motions

(a) Fixed Compensation of the Members of the Executive Management for 2022

The Board of Directors proposes the approval of a maximum total amount of fixed compensation of the members of the Executive Management for the period from January 1, 2022 to December 31, 2022 of CHF 4,100,000 (incl. employer contributions to AHV/IV/ALV/BVG).

(b) Variable Compensation of the Members of the Executive Management for 2020

The Board of Directors proposes a variable compensation for the financial year 2020 for the Executive Management in the maximum total amount of CHF 1,550,000 (incl. employer contributions to

AHV/IV/ALV/BVG).

Explanations

According to Article 25 of the Articles of Incorporation, the maximum fixed compensation of the Executive Management must be approved in each case for the following year, i.e. for the period from January 1 to December 31, 2022. In addition, the Board of Directors must submit for approval any variable compensation of the Executive Management for the previous year, i.e. for the period from January 1 to December 31, 2020.

(a) Fixed Compensation of the Members of the Executive Management for 2022

At the 2019 AGM, the maximum amount of CHF 3,000,000 was approved as fixed compensation for the Executive Management for 2020. The actual compensation in 2020 amounted to CHF 2,725,330.

At the 2020 AGM, the maximum amount of CHF 3,000,000 was approved as fixed compensation for the Executive Management for 2021.

For the period from January 1, 2022 to December 31, 2022, the Board of Directors proposes a fixed compensation for the Executive Management of CHF 4,100,000 (incl. employer contributions to AHV/IV/ALV/BVG). This amount would be used for the current four members of the Executive Management and for two additional members of the Executive Management who might join in 2022 and includes the initial issuance of equity-based instruments to new members as part of planned employee recruitment (refer also to agenda item 8). The amount also includes a reserve that would allow the Board of Directors to increase the fixed compensation of the current four members of the Executive Management, if necessary, which has not changed since 2018, or since joining the Company, if later (CEO and CFO).

(b) Variable Compensation of the Members of the Executive Management for 2020 (Cash Gratification, Performance Share Units and Options)

Santhera's variable compensation consists of the compensation elements of the short-term incentive plan (STI) in cash and the share-based long-term incentive plan (LTI).

The cash gratification is based on the achievement of corporate and individual objectives and the financial situation of the Company. Corporate objectives included the successful completion of a financing, the achievement of milestones to advance the development of Vamorolone as well as the positive opinion of the EMA on the DMD marketing authorization application dossier.

Overall, the Company's targets were only partially achieved. Due to the lack of success of the Phase 3 SIDEROS trial with Puldysa (Idebenone), the company had to be realigned and focus mainly on the further development of Vamorolone in DMD and Lonodelestat in cystic fibrosis and other lung diseases. Therefore, and because the granting of a cash gratification would substantially reduce the Company's cash, the Board of Directors has decided not to pay out the cash gratification for 2019 approved by the 2020 AGM.

For the same reason the Board of Directors has decided not to grant cash gratification for 2020 either.

As announced in the Compensation Report, Santhera has amended the LTI with regard to the share-based instrument and has discontinued the Share Appreciation Rights (SAR) program, which is being replaced from 2021 onwards with a forward-looking, time- and performance-based plan, a combination of options and Performance Share Units (PSU). For this purpose, the Board of Directors proposes a variable compensation of maximum CHF 1,550,000 (incl. employer contributions to AHV/IV/ALV, previous year

CHF 1,635,000).

The PSUs will only be converted into shares after 3 years depending on the achievement of predefined performance targets; the respective rights (PSUs), like the options and similar to the previous SARs, will be allocated in 3 tranches over a period of 3 years, and one tranche will vest after each year.

The objective of this long-term incentive compensation is to align the variable long-term compensation of the Management with Santhera's strategy. The LTI program is designed to motivate participating executives to promote the achievement of medium- and long-term value-based objectives through their actions and decisions. Santhera strives to align the interests of the Management and the Company with those of shareholders beyond share price appreciation. In addition, the LTI program aims to strengthen executives' loyalty to Santhera, their identification with the Company and their motivation to stay with the Company. The Board of Directors intends to raise the necessary shares from the Company's conditional capital for employee participations (Article 3b of the Articles of Incorporation).

13. Re-election of the Statutory Auditors

Motion

The Board of Directors proposes the re-election of Ernst & Young AG, Basel, as auditors for another one-year term until the end of the 2022 AGM.

Explanations

According to Art. 22 para. 2 of the Articles of Incorporation, the AGM shall elect the auditors for a term until the next AGM.

14. Re-election of the Independent Proxy

Motion

The Board of Directors proposes the re-election of Dr. Balthasar Settelen, Basel, as independent proxy until the end of the 2022 AGM.

Explanations

According to Article 13a of the Articles of Incorporation, the independent proxy is elected annually for a term until the end of the next AGM.

Pratteln, May 27, 2021

For the Board of Directors

Elmar Schnee

Chairman

Organizational Remarks

Documents

The 2020 Annual Report can be downloaded from http://www.santhera.com/assets/files/financial_reports/2020-Santhera-Annual-Report_final.pdf and is available for inspection until the day of the AGM at the Company's headquarters at Hohenrainstrasse 24, 4133 Pratteln. Shareholders who wish to receive a printed copy of the Annual Report (in English) are kindly requested to tick the corresponding box on the reply form.

Voting Right and Share Register Closure

Shareholders registered in the share register with the right to vote as of June 14, 2021, at 5:00 p.m. CEST, will receive the proxy form and will be able to vote by these means. The Company's share register will close on June 14, 2021, at 5:00 p.m. CEST, and will be reopened on June 23, 2021, at 7:00 a.m. CEST.

Granting of Power of Attorney to the Independent Proxy

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

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

- by filling out and sending back the power of attorney on the proxy form; or
- electronically at www.netvote.ch/santhera. The required login information will be sent to shareholders together with the written documents for the Annual General Meeting. Changes to the electronically transferred instructions can be made until June 20, 2021, 11:59 p.m. (CEST) at the latest.

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 of Directors.

Invitation to the AGM via Email

If you would like to receive the invitation to the AGM by e-mail in the future, you can select the option "select dispatch method" on www.netvote.ch/santhera. The login details are printed on the enclosed reply form. You may change the dispatch method on www.netvote.ch/santhera at any time.

Venue

The Annual General Meeting takes place at the headquarters of Santhera. There is no possibility to attend the AGM in person.

Proposed Amendments to the Articles of Incorporation (convenience translation)

Article 3a (current)	Article 3a (proposed)
<p>Authorized Share Capital</p> <p>The Board of Directors shall be authorized, also in connection with an intended takeover, at any time until March 17, 2023, to increase the share capital in an amount not to exceed CHF 4,148,827.00 through the issuance of up to 4,148,827 fully paid registered shares with a nominal value of CHF 1.00 each.</p> <p>[...]</p>	<p>Authorized Share Capital</p> <p>The Board of Directors shall be authorized, also in connection with an intended takeover, at any time until June 21, 2023 to increase the share capital in an amount not to exceed CHF 14,381,755.00 through the issuance of up to 14,381,755 fully paid registered shares with a nominal value of CHF 1.00.</p> <p>[...]</p>

Article 3b (current)	Article 3b (proposed)
<p>Conditional Share Capital for Employee Participations</p> <p>The share capital may be increased through the issuance of up to 2,537,052 registered shares, to be fully paid up with a nominal value of CHF 1.00 each, by up to CHF 2,537,052 through the direct or indirect issuance of shares, options or respective subscription rights to employees and/or members of the Board of Directors of the Company and its affiliates.</p> <p>...</p>	<p>Conditional Share Capital for Employee Participations</p> <p>The share capital may be increased through the issuance of up to 5,537,052 registered shares, to be fully paid up with a nominal value of CHF 1 each, by up to CHF 5,537,052 through the direct or indirect issuance of shares, options or respective subscription rights to employees and/or members of the Board of Directors of the Company and its affiliates.</p> <p>...</p>

Article 3c (current)	Article 3c (proposed)
<p>Conditional Share Capital for Financing and Mergers & Acquisitions</p> <p>The share capital of the Company shall be increased by a maximum aggregate amount of CHF 8,195,418.00 through the issuance of a maximum of 8,195,418 registered shares, which shall be fully paid-in, with a par value of CHF 1.00 per share by the exercise or mandatory exercise of option and/or conversion rights which are granted in</p>	<p>Conditional Share Capital for Financing and Mergers & Acquisitions</p> <p>The share capital of the Company shall be increased by a maximum aggregate amount of CHF 8,844,703.00 through the issuance of a maximum of 8,844,703 registered shares, which shall be fully paid-in, with a par value of CHF 1.00 per share by the exercise or mandatory exercise of option and/or conversion rights which are granted in</p>

connection with the is-sue 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 options which are granted by the Company or another group company (hereinafter, collectively, the Financial Instruments).

[...]

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).

[...]