

English convenience translation of the authoritative German version.

Invitation to the Extraordinary General Meeting (EGM)

November 29, 2022, 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 page 7 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 and Extension of Authorized Capital and Amendment to the Articles of Incorporation**
- 3. Increase of Conditional Capital for Financings and Amendment to the Articles of Incorporation**
- 4. Approval of Compensation of the Members of the Executive Management**

Agenda, Motions and Explanations

Background

Funding Outlook

As announced earlier, the primary operational focus of Santhera in 2022 continues to be the advancement of the regulatory submissions for vamorolone in the U.S. and the EU towards approval. In parallel, the Company plans to advance operational preparations for product launches anticipated for 2023 in both regions.

In order to ensure the execution of the Company's plans to mid-2023, when approval of vamorolone for DMD in the U.S. is expected at the earliest, Santhera will need to secure additional funds. Santhera is pursuing strategic options including but not limited to non-dilutive funding in the form of out-licensing agreements and/or the monetization of assets and, in parallel, is also evaluating debt financing, royalty financing, standby equity distribution agreement or, depending on market conditions, equity-based funding.

Santhera still has treasury shares, conditional and authorized capital from past authorizations by shareholders which are available for future placement, subject to market conditions. This, in combination with cash balances of CHF 12.7 million (at June 30, 2022), the recent drawdown from the Highbridge facility and remaining facilities, is expected to provide a liquidity runway into Q1-2023.

In order to have the flexibility to raise additional capital, Santhera is calling for the present extraordinary meeting of shareholders and proposes to its shareholders an ordinary share capital increase as described below, which would allow Santhera to secure additional equity-based financing.

On the Agenda Items and Proposals

Santhera proposes to the shareholders an ordinary capital increase in respect of up to 40 million shares to allow for a potential financing or refinancing in Q1-2023 at short notice. At the same time, Santhera proposes an increase of its authorized share capital and its conditional share capital for financings to enable its Board to enter into equity or equity-based financings or re-financings at a moment favorable to the Company.

It is currently uncertain whether Santhera will consummate a financing based on the ordinary capital increase (if approved by shareholders) within the statutory three-month time window. Also, Santhera has not decided on the structure of any such financing. For instance, such financing could be in the form of a transaction excluding shareholders' subscription rights (such as a private investment in public equity (PIPE) or an accelerated book building (ABB)). It could also be in the form of a rights offering that would allow all eligible shareholders to participate.

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 400,000.00 by issuing up to 40,000,000

fully paid-in registered shares with a nominal value of CHF 0.01 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, i.e., on February 28, 2023), the respective resolutions of the EGM will lapse by operation of law.

The Board reserves to amend its proposals under this agenda item, including as to the number of shares to be issued.

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

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

Motion

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 100,000.00 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.

Explanations

Currently, the authorized capital amounts to CHF 368,606.87. 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.

Given the statutory maximum size of the authorized capital of 50% of the issued share capital at any given point in time, the proposed increase of the authorized capital by CHF 100,000.00 can only become effective as per completion of the Ordinary Capital Increase.

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, a resolution as per 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

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 100,000.00 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.

Explanations

Currently, the conditional capital for financing, mergers and acquisitions amounts to CHF 313,746.64. 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.

Given the statutory maximum amount of the aggregate conditional capital of 50% of the issued share capital at any given point in time, the proposed increase of the conditional capital by CHF 100,000.00 can only become effective as per completion of the Ordinary Capital Increase.

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, a resolution as per this agenda item 3 will not become effective and will lapse automatically.

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

Motions

The Board of Directors proposes an additional variable compensation for the Executive Management in the maximum total amount of CHF 2,500,000 (incl. employer contributions to social security).

Explanations

The Company's annual general meeting held on June 30, 2022, has approved a variable compensation for the members of the Executive Management for the financial year 2022 in the maximum total amount of CHF 2,400,000. The respective Long-Term Incentive (LTI) grants have been made. On September 29, 2022, Santhera announced the amendment of its financing arrangement with certain funds managed by Highbridge Capital Management, LLC (Highbridge) to fund Santhera's development and strategic initiatives. Santhera has also agreed to establish a new management incentive plan with the goal to maximize value to all stakeholders.

Therefore, based on article 25 para. 2 of the Company's Articles of Incorporation, the Board proposes an additional variable compensation for the financial year 2022 for the Executive Management in the maximum total amount of CHF 2,500,000. Such compensation will be performance and time based, and will only be paid out if such performance criteria, which will be set by the Board, are met. The Board will, at its discretion, pay such compensation, depending on the financial condition of Santhera and the availability of shares (e.g., from authorized or conditional capital or treasury shares) (i) in cash, (ii) in equity instruments, such as options or performance share units, or (iii) a mix of cash and equity instruments.

The objective of such compensation is to retain Executive Management, so it can continue its efforts to bring the Company to the next value inflection points, while pursuing strategic options including but not limited to non-dilutive funding in the form of out-licensing agreements and/or the monetization of assets and, in parallel, is also evaluating debt financing, royalty financing or, depending on market conditions, equity-based funding.

Pratteln, November 4, 2022

For the Board

Thomas Meier

Chairman

Organizational Remarks

Voting right and share register closure

Shareholders registered in the share register with the right to vote as of November 21, 2022 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 November 21, 2022 at 5 p.m. Swiss time, and will reopen on November 30, 2022.

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 November 25, 2022 at 11.59 p.m. Swiss time.

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)
<p>Authorized Share Capital</p> <p>The Board of Directors shall be authorized, including in connection with an intended takeover, at any time until June 29, 2024 to increase the share capital in an amount not to exceed CHF 368,606.87 through the issuance of up to 36,860,687 fully paid registered shares with a nominal value of CHF 0.01 each. ...</p>	<p>Authorized Share Capital</p> <p>The Board of Directors shall be authorized, including in connection with an intended takeover, at any time until November 28, 2024, to increase the share capital in an amount not to exceed CHF 468,606.87 through the issuance of up to 46,860,687 fully paid registered shares with a nominal value of CHF 0.01 each. ...</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 313,746.64 through the issuance of a maximum of 31,374,664 registered shares, which shall be fully paid-in, with a par value of CHF 0.01 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)</p> <p>...</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 413,746.64 through the issuance of a maximum of 41,374,664 registered shares, which shall be fully paid-in, with a par value of CHF 0.01 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)</p> <p>...</p>