

TERMS OF THE BONDS

The terms and conditions (each a "**Condition**", and together the "**Terms of the Bonds**") of the 7.50 per cent senior unsecured convertible bonds due 2024 (the "**Bonds**" and each a "**Bond**"), conferring a conversion right with reference to registered shares of Santhera Pharmaceuticals Holding AG, Hohenrainstrasse 24, 4133 Pratteln, Switzerland (the "**Issuer**") in the aggregate principal amount of Swiss Francs ("**CHF**") 30,270,375 are as follows.

The Terms of the Bonds govern the rights and obligations of the Issuer and of each holder of Bonds (a "**Bondholder**", collectively the "**Bondholders**") in relation to the Bonds (defined terms used herein have the meaning ascribed to them in Condition 18):

1. Denomination, Form and Delivery of the Bonds

- (a) The aggregate principal amount of the Bonds of CHF 30,270,375 is divided into 8,969 Bonds with denominations of CHF 3,375 (three thousand three hundred and seventy five) each (the "**Principal Amount**").
- (b) The Bonds and all rights in connection therewith are issued in uncertificated form in accordance with article 973c of the Swiss Code of Obligations of March 30, 1911, as amended (the "**CO**") as uncertificated securities (*Wertrechte*) that will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*). Such uncertificated securities (*Wertrechte*) will then be entered into the main register (*Hauptregister*) of SIX SIS Ltd ("**SIS**") or any other intermediary in Switzerland recognized for such purposes by the Relevant Exchange (SIS or any such other intermediary, the "**Intermediary**"). Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Bonds will constitute intermediated securities (*Bucheffekten*) (the "**Intermediated Securities**") in accordance with the provisions of the Swiss Intermediated Securities Act of 3 October 2008, as amended (*Bucheffektengesetz*) (the "**FISA**").
- (c) So long as the Bonds are in the form of Intermediated Securities, the Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the FISA.
- (d) The records of the Intermediary will determine the number of Bonds held through each participant of the Intermediary. In respect of Bonds held in the form of Intermediated Securities, the Bondholders will be the persons holding the Bonds in a securities account (*Effektenkonto*) which is in their own name or, in the case of intermediaries (*Verwahrungsstellen*), the intermediaries holding the Bonds for their own account in a securities account (*Effektenkonto*) which is in their name.
- (e) The conversion of the uncertificated securities (*Wertrechte*) into a permanent global certificate (*Globalurkunde auf Dauer*) or individually certificated bonds (*Wertpapiere*) is excluded. Neither the Issuer nor the Bondholders nor BKB as paying and conversion agent (the "**Paying and Conversion Agent**") nor any third party shall at any time have the right to effect or demand the conversion of the uncertificated securities (*Wertrechte*) into, or the delivery of a permanent global certificate (*Globalurkunde auf Dauer*) or individually certificated securities (*Wertpapiere*).

2. Interest

The Bonds bear interest at the rate of 7.50 per cent per annum of their Principal Amount. The interest is payable semi-annually in arrears on each Interest Amount Payment Date (the CHF amount in respect of each Bond so calculated being the "**Interest Amount**"). Interest on the Bonds is computed on a 30E/360 basis, i.e., on the basis of a year consisting of twelve (12) months

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of thirty (30) days each. The first interest payment on August 17, 2021 shall be CHF 126.5625 per Bond, as if the Bonds had been issued on February 17, 2021.

The Issuer may elect to pay all or part of any Interest Amount in the form of Shares. Notice of such election (the "**Election Notice**") shall be given (i) to the Bondholders in accordance with Condition 10 at least 5 Business Days before the date on which the respective Interest Amounts shall be paid, if interest payments to all Bondholders are concerned or (ii) directly to the Bondholder(s) concerned at least on the date on which the respective Interest Amounts shall be paid, if interest payments are concerned that are not made to all Bondholders (such as upon a conversion). In case of such election, each Bondholder is deemed to have exercised the right to convert the respective Interest Amounts into Shares in accordance with this Condition 2.

The Shares in respect to such an interest payment shall be delivered in ten (10) installments. On each of the ten (10) Trading Days following (but excluding) the date of the Election Notice, one tenth of the Interest Amount shall be divided by 90% of the VWAP of one Share on that day to determine the number of Shares deliverable in respect to that installment, with the resulting number of Shares being rounded down to the nearest whole number of Shares. Each of the ten (10) installments of Shares shall be delivered to the relevant Bondholders within two (2) Business Days after the date on which the number of Shares to be delivered in respect of the relevant installment was determined. The Cash Payment for Fractions, if any, shall be paid in respect to all ten (10) installments at the same time as the delivery of the last installment of Shares for the respective Interest Amount.

Each Bond will cease to bear interest from the due date for redemption or repayment of such Bond, provided that if, upon due presentation, delivery of the Shares or payment of any amount due is improperly withheld or refused, such Bond shall continue to bear interest as provided in these Terms of the Bonds. In such case, interest will accumulate until the day on which all Shares and/or all sums due in respect of such Bonds are received by the Paying and Conversion Agent on behalf of the relevant Bondholder.

3. Conversion

(a) Conversion Right, Conversion Ratio and Conversion Price

- (i) Each Bond in the Principal Amount of CHF 3,375 (three thousand three hundred and seventy five Swiss Francs) will be convertible on any Business Day during the Conversion Period into Shares at the Conversion Ratio.
- (ii) The Conversion Ratio will be determined by dividing CHF 3,375 (three thousand three hundred and seventy five Swiss Francs), the Principal Amount, by the Conversion Price prevailing on the Conversion Date. The number of Shares to be delivered upon conversion of one Bond shall be calculated to five decimal places, provided that if more than one Bond is converted at any one time by the same Holder, the number of Shares to be delivered upon conversion will be determined by dividing the aggregate Principal Amount of the Bonds converted by the same Bondholder at any one time by the Conversion Price prevailing at the Conversion Date, such number of Shares to be calculated to five decimal places.
- (iii) Fractions of Shares will not be issued and delivered on conversion. Instead, cash payments in CHF based on the VWAP of a Share on the Relevant Exchange on the Trading Day immediately preceding the relevant Conversion Date will be made in respect thereof (the "**Cash Payment for Fractions**"), except where any individual entitlement would be less than CHF 10.00 (ten), in which case, no such payment shall be required to be made. If the resulting amount of CHF is not an integral multiple of CHF 0.01 (one hundredth of a Swiss Franc), it shall be rounded to the nearest

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whole or multiple of CHF 0.01 (one hundredth of a Swiss Franc) with 0.005 being rounded upwards.

- (iv) A Conversion Right may not be exercised following the giving of a default notice pursuant to Condition 9 nor in respect of a Bond which has been redeemed pursuant to Conditions 5, 7 (d) or 9.
- (v) Where a Conversion Right is exercised during a Change of Control Period, the provisions in Condition 7(c) shall apply.
- (vi) In the case of a conversion by a Bondholder in accordance with this Condition 3 (a), the Issuer shall at the same time as and in addition to the delivery of the Shares, pay the converting Bondholder (i) the accrued interest on the relevant Bond up to the Conversion Date as well as (ii) an amount equal to the interest amount that would be payable on the relevant Bond for a period of the shorter of (a) three years from the relevant Conversion Date and (b) the time from the relevant Conversion Date to the Maturity Date (the "**Make-whole Amount**"). The right of the Issuer to elect to pay Interest Amounts in Shares in accordance with Condition 2 also applies to Make-whole Amounts, provided that the conversion price calculated under Condition 2 paragraph 3, i.e. by 90% of the VWAP of one Share on relevant day, shall in any event not be less than CHF 2.50.

(b) Conversion Procedures

(i) Conversion Notices

To exercise the right to convert all or any of its Bonds pursuant to this Condition 3, a Bondholder must deposit with the Paying and Conversion Agent at its own expense during the Conversion Period a duly completed notice of conversion (the "**Conversion Notice**") in a form satisfactory to the Paying and Conversion Agent together with clearing instructions in a form satisfactory to the Paying and Conversion Agent allowing for the transfer of the relevant Bond(s) through the Intermediary to the Paying and Conversion Agent at the Specified Office.

By depositing the Conversion Notice, a Bondholder is deemed to represent and warrant that (x) it understands that the Shares to be transferred upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and (y) it is not a U.S. person (as defined in Regulation S under the Securities Act ("**Regulation S**")) and is located outside the United States within the meaning of Regulation S, is acquiring the Shares to be transferred upon conversion of the Bonds in an offshore transaction (as defined in Regulation S) in accordance with Rule 903 or 904 of Regulation S and understands that the Shares may not be delivered within the United States upon conversion of the Bonds and may not be resold in the United States except pursuant to an exemption from the registration requirements of the Securities Act.

A Conversion Notice, once duly completed and deposited as aforesaid, shall be irrevocable. Bonds duly presented and/or transferred for conversion shall be cancelled in their entirety by the Paying and Conversion Agent and, upon delivery of the relevant Shares and the payment of the Cash Payment for Fractions, if any, shall be considered redeemed.

The Conversion Right shall be exercised only in respect of the whole of the Principal Amount of a Bond.

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A Conversion Notice shall be deemed to be presented on a Business Day if received in a form satisfactory to the Paying and Conversion Agent before 4.00 p.m. CET on that Business Day at the Specified Office. Any Conversion Notice presented after 4.00 p.m. CET will be deemed to have been received on the following Business Day.

The conversion date in respect of a Bond (the "**Conversion Date**") shall be the date on which a Conversion Notice has been received or deemed to have been received in accordance with this Condition 3(b)(i).

(ii) Delivery of Shares and Cash Payments for Fractions

The Shares to be delivered upon conversion of Bonds in accordance with this Condition 3, if any, will be Shares issued in an ordinary capital increase, from the conditional capital or authorised capital or existing Shares of the Issuer, in each case with the same entitlements as the other outstanding Shares, except that the Shares so delivered will not be entitled to any dividend or other distribution declared, paid or made by reference to a Record Date prior to the relevant Conversion Date and except that the voting rights may not be exercised unless the person designated in the Conversion Notice as recipient of the Shares is registered as the holder of the Shares with voting rights in the Issuer's share register.

The Issuer will (x) effect delivery of the Shares and (y) make Cash Payments for Fractions, if any, within two (2) Business Days after the Conversion Date through the Intermediary in accordance with directions given by the relevant Bondholder in the relevant Conversion Notice. At the time of such delivery of the Shares, the then valid share registration rules of the Issuer will apply; the Issuer does not offer any assurance or guarantee that the exercising Bondholder will be accepted as a shareholder with voting rights in its share register.

(iii) Taxes and other Costs

Any Swiss Federal Stamp Duty, if due, as well as the fee of the Relevant Exchange, if any, payable upon the delivery in Switzerland of Shares to the Bondholder upon the conversion of Bonds will be paid or reimbursed by the Issuer. The Issuer will, however, not pay (a) any tax payable in connection with any subsequent sale or transfer of Shares by the respective Bondholder, or (b) any tax or other cost payable in connection with the sale, transfer or delivery of Share(s) in or to a country other than Switzerland.

4. Payments

The amounts required for the payment of the Interest Amounts (after deduction of the then applicable Swiss withholding tax) and the Principal Amount and any other payments in cash to be made under these Terms of the Bonds will be made available in good time in freely disposable CHF, which will be placed at the free disposal of the Paying and Conversion Agent in Switzerland. If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business

Day immediately following such due date and Bondholders will not be entitled to any additional sum in relation thereto.

Upon receipt of the funds in Switzerland, the Paying and Conversion Agent will arrange for payment to the Bondholders.

The Issuer undertakes that payments shall be made in freely disposable CHF without collection cost to the Bondholders, and, unless otherwise provided for by applicable law, without any restrictions and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Bondholders and without requiring any affidavit or the fulfilment of any other formality.

The receipt by the Paying and Conversion Agent of funds in CHF in Switzerland from the Issuer shall release the Issuer from its obligations under the Bonds to the extent of the amounts received by the Paying and Conversion Agent.

5. Redemption and Purchase

(a) Repayment at Maturity Date

Unless previously converted, redeemed, or purchased and cancelled as provided below, the Issuer undertakes to repay the Bonds on the Maturity Date, without further notice, at the Principal Amount together with unpaid accrued interest to such date (such repayment of any Bond on the Maturity Date, as well as any early redemption in accordance with this Condition 5, with Condition 7 or with Condition 9, in these Terms of the Bonds being referred to as the "**Redemption**").

(b) Early Redemption at the Option of the Issuer

Subject to not less than thirty (30) nor more than sixty (60) calendar days' prior notice, the Issuer may redeem all but not only some of the Bonds outstanding at the Principal Amount (together with unpaid accrued interest, if any):

- (i) at any time after the Issue Date and prior to the Maturity Date, if less than fifteen (15) per cent of the aggregate Principal Amount of the Bonds issued pursuant to the Terms of the Bonds are outstanding at the time of the notice; or
- (ii) at any time, if the VWAP of a Share on the Relevant Exchange on each of at least twenty (20) out of thirty (30) consecutive Trading Days ending not earlier than five (5) Trading Days prior to the date the relevant notice of Redemption is given has been at least 150 per cent of the Conversion Price in effect on each such Trading Day, respectively.

A redemption notice according to this Condition 5 (b) does not prevent the Bondholders from converting Bonds in accordance with Condition 3.

(c) Early Redemption at the Option of the Bondholders in Case of Delisting of Shares

If the Shares are delisted from the Relevant Exchange without being listed on another Relevant Exchange, each Bondholder may, acting in accordance with this Condition 5(c), require the Issuer to redeem all or any of the Bonds held by such Bondholder at their Principal Amount (together with unpaid accrued interest) at the Relevant Put Date.

At the latest on the date the Shares are delisted from the Relevant Exchange, the Issuer shall give notice of that fact (the "**Notice of Delisting**").

To exercise its right pursuant to this paragraph c), the Bondholder must deposit at its own expense a duly completed and signed notice (a "**Put Notice**") in a form satisfactory to the Paying and Conversion Agent during the period starting on the date of the Notice of Delisting and ending sixty (60) calendar days thereafter. A Put Notice shall be irrevocable.

(d) Purchases

The Issuer and any of its Subsidiaries may at any time purchase Bonds at any price in the open market or otherwise. Any purchase shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Paying and Conversion Agent for cancellation in accordance with Condition 5(e) below.

Any Bonds while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle their Bondholder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders.

(e) Cancellation

All Bonds which are converted, redeemed, or surrendered, shall forthwith be cancelled. All Bonds which are to be cancelled cannot be reissued or resold.

6. Adjustments to the Conversion Price

(a) Events leading to adjustments to the Conversion Price

(i) Increase of capital by means of capitalization of reserves, profits or premiums by distribution of Shares, or division or consolidation of Shares:

In the event of a change in the Issuer's share capital as a result of capitalization of reserves, profits or premiums, by means of the distribution of Shares, save for a distribution of Shares as a Dividend as set out in Condition 6(a)(iv) below, and in the event of division or consolidation of Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such change by the result of the following formula:

$$\text{NOld}/\text{NNew}$$

where:

NOld is the number of Shares existing before the change in share capital; and

NNew is the number of Shares existing after the change in share capital.

Such adjustment shall become effective on the date on which such Shares are distributed or, in the event of division or consolidation of Shares, on the first day the Shares are traded on the new basis on the Relevant Exchange.

(ii) Issues of Shares or Other Securities by way of conferring subscription or purchase rights:

If (a) the Issuer grants to holders of Shares any rights or options, warrants or other rights to subscribe for or acquire Shares, Other Securities or securities convertible or exchangeable into Shares or Other Securities, or (b) any third party with the agreement of the Issuer issues to holders of Shares any rights, options or warrants to purchase any Shares, Other Securities or securities convertible or exchangeable into Shares or Other Securities (the rights referred to in (a) and (b) collectively and individually being the "**Purchase Rights**"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the result of the following formula:

$(P_{cum} - R) / P_{cum}$

where:

P_{cum} is the Current Market Price by reference to whichever is the later of (x) the date on which the Shares are first traded ex-Purchase Rights on the Relevant Exchange and (y) the Trading Day when the subscription or purchase price for Shares or Other Securities under the Purchase Right is announced, or, if the day the subscription or purchase price is announced is not a Trading Day, the next following Trading Day; and

R is the value of the Purchase Right(s) relating to one Share or Other Security, such value to be calculated as follows:

(A) in the event the Purchase Rights relate to Shares:

$$R = P_{cum} - TERP$$

where:

$$TERP = (N_{old} \times P_{cum} + N_{new} \times (P_{rights} + Div)) / (N_{old} + N_{new})$$

and:

TERP is the theoretical ex-Purchase Rights price; and

N_{old} is the number of Shares existing before the change in share capital; and

N_{new} is the number of offered Shares contemplated to be newly issued; and

P_{rights} is the price at which one new Share can be subscribed, exercised or purchased; and

Div is the amount (in CHF) by which the entitlement to Dividends per existing Share exceeds the entitlement to Dividends per new Share, (x) if Dividends have already been proposed to the general meeting of shareholders but not yet paid, based on the proposed amount of the Dividends, or (y) if Dividends have not yet been proposed, based on the Dividends paid in the immediately preceding financial year;

provided, however, that no such adjustment shall be made if the subscription or purchase price at which one new Share can be subscribed or purchased is at least ninety-five (95) per cent of the Current Market Price on whichever is the later of (x) the date on which the Shares are first traded ex-Purchase Rights on the Relevant Exchange or (y) the Trading Day when the subscription or purchase price for the Purchase Right is announced, or, if the day the subscription or purchase price is announced is not a Trading Day, the next following Trading Day;

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- (B) in the event the Purchase Rights relate to Other Securities or to securities convertible or exchangeable into Shares or Other Securities and where such Purchase Rights are traded on a regulated stock exchange in Switzerland, the European Union, the United Kingdom, the United States of America, Canada or Japan:

$$R = N_{\text{Rights}} \times P_{\text{Rights}}$$

where:

N_{Rights} is the number of Purchase Rights granted per Share; and

P_{Rights} is the VWAP of the Purchase Rights on the Relevant Exchange (or, if no dealing is recorded, the arithmetic mean of the bid and offered prices) during the time Purchase Rights are traded, but not longer than the first ten (10) Trading Days.

- (C) in all other cases where neither of the previous paragraphs (A) or (B) is applicable, R will be determined by a Common Expert.

Such adjustment shall become effective

- i. in the case of Condition 6(a)(ii)(A), on the first day on which the Shares are traded ex-Purchase Rights on the Relevant Exchange;
- ii. in the case of Condition 6(a)(ii)(B), five (5) Trading Days after (x) the end of the period during which the Purchase Rights are traded or (y) the tenth (10th) Trading Day of the Purchase Rights, whichever is sooner; and
- iii. in the case of Condition 6(a)(ii)(C), on the date determined by the Common Expert.

(iii) Spin-offs and capital distributions other than Dividends:

If, in respect of a spin-off or a capital distribution other than Dividends as referred to in Condition 6(a)(iv) below, the Issuer shall issue or distribute to holders of its Shares any assets, evidence of indebtedness of the Issuer, shares or other rights (other than as referred to in Condition 6(a)(ii) above) (the "**Distribution**"), the Conversion Price shall be adjusted as follows:

- (A) In case the Distribution (x) consists of securities that will be traded on a regulated stock exchange in Switzerland, the European Union, the United Kingdom, the United States of America, Canada or Japan, (y) consists of securities that are traded on a regulated stock exchange in Switzerland, the European Union, the United Kingdom, the United States of America, Canada or Japan or (z) has otherwise a value which is determinable by reference to a stock exchange quotation or otherwise, by multiplying the Conversion Price in force immediately prior to such issue or distribution by the result of the following formula:

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$(P_{cum} - D) / P_{cum}$

where:

P_{cum} is the Current Market Price by reference to the date on which the Shares are first traded ex-Distribution on the Relevant Exchange following the relevant Distribution; and

D is equal to (i) in case of iii)(A)(x), the current market price of the Distribution (in CHF) on the Relevant Exchange, calculated on a per Share basis, as determined by the Paying and Conversion Agent, or (ii) in case of iii)(A)(y), the current market price of the Distribution (in CHF) on the Relevant Exchange on the date by reference to which P_{cum} has been determined, calculated on a per Share basis, as determined by the Paying and Conversion Agent or (iii) case of iii)(A)(z), as determined by a Common Expert,

where for purposes of this provision, the current market price (to determine D) in case of iii)(A)(x) shall be deemed to be the average of the VWAPs on the five (5) consecutive Trading Days commencing on the date on which the Shares are first traded ex-Distribution on the Relevant Exchange, and in case of iii)(A)(y) shall be deemed to be the average of the VWAPs on the five (5) consecutive Trading Days ending on and including the Trading Day preceding the day on which the Shares are first traded ex-Distribution.

- (B) In all other cases and where there is one (but not more than one) Distribution on a given Trading Day, by multiplying the Conversion Price in force immediately prior to such issue or distribution by the result of the following formula:

P_{after} / P_{before}

where:

P_{after} is the current market price per Share after the date of such Distribution (the "**Distribution Date**"); and

P_{before} is the current market price per Share before the Distribution Date;

whereby for purposes of this provision the current market price per Share shall be deemed to be the average of the VWAPs, (x) in the case of P_{before} , on the five (5) consecutive Trading Days before the Distribution Date, and (y) in the case of P_{after} , on the five (5) consecutive Trading Days after the Distribution Date, as determined by the Paying and Conversion Agent. When calculating the average of the VWAPs the gross dividend amount (or any other entitlement), if any, of any dividend paid (or any other entitlement) during either of the above mentioned periods of five (5) consecutive Trading Days, shall be added back to the VWAPs on each of the Trading Days on which the Shares are traded ex-dividend (or any other entitlement).

- (C) If the Issuer issues or distributes to its shareholders tradable put options as a Dividend with respect to any financial year, the Conversion Price shall be adjusted according to the formula set out in Condition 6(a)(iv).
- (D) In all cases where there is more than one Distribution on a given Trading Day, the Common Expert will determine the necessary adjustment.

Such adjustment shall become effective, in the case of (A)(y), on the date on which the Distribution is made and, in the case of (A)(x) and (B), on the sixth (6th) Trading Day after the Distribution Date and, in the case of (A)(z) and (D) as determined by a Common Expert.

(iv) Dividends:

If the Issuer pays a Dividend, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such payment by the following fraction:

$$(P_{cum} - D) / P_{cum}$$

where:

P_{cum} is the Current Market Price with respect to the Effective Date; and

D is the Dividend attributable to one Share as set out below

Any reference to D in the above formula shall be a reference to

- (A) the cash amount in case of a cash dividend or a repayment of paid-in capital;
- (B) an amount as calculated by the following formula in case of a stock dividend in lieu of a cash dividend:

$$\text{current market price} - (\text{current market price} \times (\text{NOld} / \text{NNew}))$$

where:

current market price is the average of the daily VWAP of one Share on each of the five (5) consecutive Trading Days ending on and including the Trading Day immediately prior to the Ex-Date;

NOld is the number of Shares existing before the change in share capital; and

NNew is the number of Shares existing after the change in share capital;

- (C) an amount as calculated by the following formula in case of tradable put options in lieu of a cash dividend (the "**Put Options**"):

current market price x (P/N)

where:

current market price is the average of the daily VWAP of the Put Option on each of the five (5) consecutive Trading Days commencing on the Ex-Date;

P is the number of Put Options to be issued; and

N is the number of Shares existing prior to the Ex-Date.

Such adjustment shall become effective on the Ex-Date or, in case of Put Options according to (C) above, on the sixth (6th) Trading Day following the Ex-Date.

(b) Calculation of Adjustments

- (i) Each adjustment to be made pursuant to Condition 6(a) shall be calculated by the Paying and Conversion Agent and shall (in the absence of manifest error) be binding on all parties concerned. The Paying and Conversion Agent shall for the purpose of the foregoing provisions only be liable for making, or not making, adjustments or taking, or not taking, any other measures in connection with these Bonds, if and to the extent that it fails to act with due care according to established market practice. The Paying and Conversion Agent may engage the advice or services of any Common Expert whose advice or services it may consider necessary and rely upon any advice so obtained, and the Paying and Conversion Agent shall incur no liability as against the Issuer or the Bondholders in respect of any action taken, or not taken, or suffered to be taken, or not taken, in accordance with such advice and in exercising due care according to established market practice.
- (ii) If in case of any adjustment the resulting Conversion Price is not an integral multiple of CHF 0.01 (one hundredth of a Swiss Franc), it shall be rounded to the nearest whole or multiple of CHF 0.01 (one hundredth of a Swiss Franc) with 0.005 being rounded upwards.
- (iii) The Issuer will procure that a notice is published in the manner described in Condition 10 as soon as practicable after either the date on which any adjustment to the Conversion Price becomes effective or, if no adjustment is required, the date on which it is possible to determine that such is the case.

(c) Retroactive Adjustments

If the Conversion Date in relation to any Bond is (i) before the relevant Record Date for any issue, sale, grant or offer leading to an adjustment pursuant to Condition 6(a)(ii) before publication of the event leading to such Record Date, and (iii) before the relevant adjustment to the Conversion Price becomes effective under Condition 6(a), and (iv) provided that the Shares will be delivered to the converting Bondholder after the Record Date, the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or paid to the converting Bondholder such an additional cash amount or number of Shares, if applicable (the "**Additional Consideration**") as, together with the cash amounts to be transferred and the Shares delivered or to be delivered, if any, on conversion of the relevant Bond is equal to the consideration (in form of cash amounts or Shares as set out in Condition 3(a)(ii) and (iii)) which would have been required to be delivered on conversion

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of such Bond if the relevant adjustment to the Conversion Price had in fact been made and become effective prior to the Conversion Date (the "**Retroactive Adjustment**").

Without prejudice to the provisions of Condition 3, upon a Retroactive Adjustment becoming effective in accordance with this Condition 6(c), the delivery of the relevant Additional Consideration shall be made within ten (10) Business Days after the first date it is possible to calculate such adjustment but not earlier than the Record Date. Without prejudice to the foregoing and to mandatory provisions of applicable law, in the event that an issue, sale, grant or offer leading to an adjustment pursuant to Condition 6(a) is effected between the above Conversion Date and the date of delivery of the relevant Additional Consideration, the Issuer shall request a Common Expert to determine the amount of the further consideration to be made to the converting Bondholder, whether in kind or in cash, so that the Bondholder may be substantially treated as if such Bondholder actually held the Additional Consideration on the Conversion Date.

(d) Events not giving rise to Adjustments

No adjustment to the Conversion Price will be made:

- (i) as a result of any issue or distribution of Shares or Other Securities if the preemptive right (*Bezugsrecht*) in respect thereof under the CO has been validly excluded by resolution of the general meeting of shareholders or by the board of directors of the Issuer unless a preemptive right in respect thereof is granted indirectly to the shareholders by a third party with the agreement of the Issuer; or
- (ii) as a result of any public issue of bonds convertible or exchangeable into Shares or bonds with options to subscribe for Shares, such issue being in connection with a conditional increase of the share capital of the Issuer, irrespective of whether in respect of such issue the advance subscription rights to acquire such bonds (*Vorwegzeichnungsrecht*) have been excluded or not, unless advance subscription rights have been granted to the shareholders of the Issuer and are traded on the Relevant Exchange; or
- (iii) if Shares or Other Securities (including pre-emptive rights, options, warrants or stock appreciation rights in relation to Shares or Other Securities) are issued, offered or granted to, or for the benefit of, members of the board of directors, officers, employees or advisors of the Issuer or of any of its Subsidiaries or of any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to any employee share or participation scheme of the Issuer or of any of its Subsidiaries; or
- (iv) if an increase in the Conversion Price would result from such adjustment, except in case of an exchange of the Shares for Other Securities or a consolidation of Shares; or
- (v) if the Conversion Price would fall below the nominal value of a Share. In this case, the Conversion Price will be adjusted to the nominal value of a Share and any remaining reduction of the Conversion Price resulting from such adjustment or from any further adjustment will be carried forward and only be applied if and to the extent the nominal value of a Share will be reduced.

(e) Other Events

If the Issuer determines, after consultation with the Paying and Conversion Agent, or the Paying and Conversion Agent determines after consultation with the Issuer, that notwithstanding Condition 6(a) and Condition 6(d) an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in Condition

6(a) or circumstances including circumstances listed in Condition 6(d) have arisen which have an adverse effect on the right to convert Bonds and no adjustment to the Conversion Price under Condition 6(a) would otherwise arise or is excluded according to Condition 6(d), the Paying and Conversion Agent shall engage the advice or services of a Common Expert to determine as soon as practicable what adjustment, if any, to the Conversion Price or amendment, if any, to the terms of this Condition 6 is fair and reasonable to take account thereof and the date on which such adjustment should take effect. If several events occur which become effective on the same Trading Day and which would lead to an adjustment of the Conversion Price pursuant to Condition 6(a), the decision as to the manner of calculating the adjustment of the Conversion Price shall be taken by the Common Expert. The decision of the Common Expert shall be binding as set forth in Condition 18.16. The Paying and Conversion Agent shall have no responsibility to make any inquiries as to whether or not any event has occurred which might require an adjustment to the Conversion Price or amendment, if any, to the terms of this Condition 6.

(f) Correction of Adjustments

If an adjustment has been made in accordance with Condition 6(a) based on events or circumstances that subsequently are not implemented or are implemented in a manner materially different than anticipated when calculating the adjustment, then the Issuer and the Paying and Conversion Agent shall determine whether and to what extent the adjustment previously made shall be corrected. The Paying and Conversion Agent may engage the services of a Common Expert to determine whether and to what extent a correction shall be made. The decision of the Common Expert shall be binding. The Paying and Conversion Agent shall have no responsibility to make any inquiries as to whether or not any event has occurred which might require correction of an adjustment to the Conversion Price previously made.

7. Change of Control

- (a) A "**Change of Control**" occurs when:
- (i) an offer to acquire Shares, whether expressed as a public takeover offer, a merger or similar scheme with regard to such acquisition, or in any other way, is made in circumstances where (A) such offer is available to (aa) all holders of Shares, (bb) all holders of Shares other than the offeror and any persons acting in concert with such offeror, or (cc) all holders of Shares other than persons who are excluded from the offer by reason of being connected with one or more specific jurisdictions (or a combination of the exceptions pursuant to (bb) and (cc)), and (B) such offer having become or been declared unconditional with respect to acceptances, the Issuer becomes aware that the right to cast more than fifty (50) per cent of all the voting rights (whether exercisable or not) of the Issuer has become or will become vested in the offeror and any persons acting in concert with the offeror; or
 - (ii) the Issuer consolidates with or merges into any other company, save where, following such consolidation or merger, shareholders of the Issuer immediately prior to such consolidation or merger have the right to cast at least fifty (50) per cent of the voting rights (whether exercisable or not) of such other company; or
 - (iii) the Issuer becomes aware that the right to cast more than fifty (50) per cent of all voting rights (whether exercisable or not) of the Issuer has become unconditionally vested directly or indirectly in any person (or in persons acting in concert with each other in respect of the exercise of such voting rights); or

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- (iv) the legal or beneficial ownership of all or substantially all of the assets owned directly or indirectly by the Issuer is acquired by one or more other persons (other than Subsidiaries).
- (b) Upon a Change of Control, the Issuer shall give notice of the fact that a Change of Control occurred (the "**Change of Control Notice**") to the Bondholders no later than two (2) Trading Days after the occurrence of a Change of Control in the form set out in Condition 10. The Change of Control Notice shall:
 - (i) inform the Bondholders of their right to either require redemption of the Bonds pursuant to Condition 7(d) or, if applicable, exercise their Conversion Rights for a period of forty (40) Trading Days (the "**Change of Control Period**") starting on the Trading Day immediately following the date the Change of Control Notice is given, at the adjusted Conversion Price, as further described in Condition 7(c);
 - (ii) specify the date (the "**Change of Control Redemption Date**"), being not more than sixty (60) and not less than fifty-one (51) Trading Days after the date the Change of Control Notice is given, on which the Bonds may be redeemed at the option of the Bondholders pursuant to Condition 7(d);
 - (iii) if Condition 7(c) applies, specify the Conversion Price in effect immediately prior to the Change of Control and the adjusted Conversion Price applicable as a consequence of the Change of Control; and
 - (iv) provide details concerning the Change of Control.
- (c) Adjustment of Conversion Price upon Change of Control

If a Change of Control occurs, the Conversion Price for Bonds converted on a Conversion Date falling within the Change of Control Period shall be adjusted as follows:

$$CP_a = RP \times (1 + (CP \times (1 - c/t)))$$

where:

CP_a Adjusted Conversion Price

RP Conversion Price prevailing five (5) calendar days before the Change of Control Notice is published, divided by $(1 + CP)$;

CP Conversion premium of 15.0 per cent (expressed as a fraction);

c the number of calendar days from and including the date on which the adjusted Conversion Price is applicable to but excluding the seventh (7th) Trading Day prior to the Maturity Date; and

t the number of calendar days from and including the Issue Date to but excluding the seventh (7th) Trading Day prior to the Maturity Date.

- (d) Early Redemption at the Option of Bondholders upon Change of Control

Upon the occurrence of a Change of Control, the Issuer will, at the option of a Bondholder, redeem such Bondholders' Bond(s) on the Change of Control Redemption Date at their Principal Amount (together with unpaid accrued interest to such date). To exercise such option, a Bondholder must present, by not later than ten (10) Trading Days prior to the

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Change of Control Redemption Date, at the Specified Office a duly completed redemption notice in a form satisfactory to the Paying and Conversion Agent (a "**Change of Control Redemption Notice**"), together with clearing instructions in a form satisfactory to the Paying and Conversion Agent allowing for the transfer of the relevant Bond(s) through the Intermediary to the Paying and Conversion Agent. No Change of Control Redemption Notice so deposited may be withdrawn without the consent of the Issuer.

(e) Conversion after the Change of Control Redemption Date

With respect to the Bonds that remain outstanding after the Change of Control Redemption Date, in the case of a Change of Control as defined in Condition 7(a)(ii) and if the Issuer is not the surviving company, the Issuer shall use its commercially reasonable efforts to ensure that each Bond shall be convertible into such shares or other equity securities, including depositary receipts issued for the same and any other consideration (including cash) which such Bondholder would have received in the Change of Control transaction if such Bondholder had exercised its Conversion Rights immediately prior to the date of the Change of Control Notice (and then participated in the Change of Control transaction).

8. Status and Negative Pledge

- (a) The Bonds constitute direct, unconditional, and (subject to Condition 8(b)) unsecured obligations of the Issuer and (subject to Condition 8(b)) rank and will rank *pari passu* among themselves and with all other unsecured and unsubordinated obligations of the Issuer, except for such preferences as are provided for by any mandatorily applicable provision of law.
- (b) So long as any Bonds remain outstanding, the Issuer will not, and will procure that no Material Subsidiary will, create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its business, property, assets or revenues, present or future, to secure any Relevant Debt or to secure any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and rateably therewith by such encumbrance or security interest or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be or, (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the Bondholder Representative in its discretion.

For the purposes of this Condition, "**Relevant Debt**" means (i) any present or future indebtedness of the Issuer and its Subsidiaries represented or evidenced by notes, bonds, debentures or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt with on any stock exchange, over-the-counter-market or other securities market and (ii) any financial debt (including, for the avoidance of doubt, bank debt) of the Issuer and its Subsidiaries at any time outstanding exceeding CHF 10 million in the aggregate, other than (x) financial debt secured through or by receivables, and (y) any debt with a security interest over or affecting any asset or property of any company which becomes a Subsidiary after the Issue Date, where the security interest is created prior to the date on which that company becomes a Subsidiary (and with such security interest being limited to encumbering the assets or property acquired).

9. Event of Default

Each of (a) the Paying and Conversion Agent (in its capacity as initial bondholder representative) or any other Swiss bank appointed by the general meeting of Bondholders as bondholder representative in its place (the "**Bondholder Representative**") or (b) the general meeting of Bondhold-

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ers by majority decision on the basis of the votes represented at the meeting (the "**Majority Bondholders**") has/have the right but not the obligation, on behalf of the Bondholders, to declare all Bonds to be immediately due and repayable at the Principal Amount (together with unpaid accrued interest to such date and any other amounts payable under the Bonds), by serving a written notice of default (the "**Default Notice**") upon the Issuer which shall have that effect, but only in case of the occurrence of any of the following events (each an "**Event of Default**"):

- (a) there is a failure by the Issuer (i) to pay the Interest Amount or the Principal Amount or any other amount payable under the Bonds when due, or (ii) to deliver Shares and/or to make Cash Payments for Fractions, if and when due, upon conversion of a Bond; and such failure continues for a period of ten (10) Business Days in case of any payment of cash or ten (10) Trading Days in case of delivery of Shares; or
- (b) a default is made by the Issuer in the performance or observance of any material covenant, condition or provision contained in the Terms of the Bonds which is to be performed or observed on its part, the Bondholder Representative or the Majority Bondholders consider(s) such default to be materially prejudicial to the interests of the Bondholders, and such default continues for a period of thirty (30) calendar days following the service by the Bondholder Representative or the Majority Bondholders on the Issuer of a notice requiring such default to be remedied; or
- (c) any other present or future indebtedness of the Issuer, of Santhera Pharmaceuticals (Schweiz) AG or of any Material Subsidiary for or in respect of Moneys Borrowed from third parties (i.e., excluding any transactions between the Issuer and one or several of its Subsidiaries or among Subsidiaries) is not paid when due or, as the case may be, within any applicable grace period, or becomes due and payable prior to its stated maturity as a result of an event of default (howsoever described), or any security in respect of any such indebtedness becomes enforceable or any guarantee of, or indemnity in respect of, any such indebtedness given by the Issuer or any Material Subsidiary is not honoured when due and called upon or, as the case may be, within any applicable grace period, provided that no such event shall be taken into account for the purposes of this paragraph c) unless such indebtedness, either alone or when aggregated with other indebtedness subject to an event set out in this paragraph c) which has occurred and is continuing is equal to or exceeds an amount of CHF 3,000,000 (or its equivalent in another currency); or
- (d) the Issuer or any Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, or proposes or applies for a stay of execution; or
- (e) a postponement of payments (Stillhaltevereinbarung), a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium or postponement of payments is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any Material Subsidiary; or
- (f) the Issuer or one or more Material Subsidiaries alters its or their legal or commercial structure through bankruptcy, liquidation, or disposal of its or their assets, the Issuer changes the objects of the company or its commercial activities or merges with a third party (other than the Issuer or any of its Subsidiaries) and such merger does not constitute a Change of Control, in so far as the relevant action in each of the above scenarios has or may have a material adverse effect on the capacity of the Issuer to meet its obligations in connection with the Bonds then or in the future, unless in the sole opinion of the Bondholder Representative the situation of the Bondholders as a consequence of the security provided or other steps taken by the Issuer provide adequate protection to the Bondholders; or

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- (g) a dissolution or merger involving the Issuer as a result of which the Issuer is not the surviving company, unless the successor company assumes all the Issuer's liabilities.

The Issuer shall inform the Bondholder Representative without delay that any event mentioned under paragraphs a) through g) has occurred and provide the Bondholder Representative with all necessary documents. The Issuer accepts responsibility for the information contained in those documents.

Upon the occurrence or the potential occurrence of an Event of Default, the Bondholder Representative may (and if requested by Bondholders holding at least 25% of the aggregate Principal Amount of all outstanding Bonds, the Bondholder Representative shall without delay) invite the Bondholders in accordance with art. 1157 et seq. CO to a Bondholders' meeting for the taking of a resolution on the serving of a Default Notice, provided the Bondholder Representative has not served such Default Notice itself. The legally valid resolution of the Bondholders' meeting to serve a Default Notice, shall replace the right reserved by the Bondholder Representative according to these Terms of the Bonds to serve a Default Notice on behalf of the Bondholders. If the Bondholders' meeting votes against the serving of a Default Notice, the right to serve such Default Notice shall revert to the Bondholder Representative whereby the Bondholder Representative shall not be bound by the resolution of the Bondholders' meeting if and to the extent that new circumstances arise or become known which require a revised assessment of the facts.

For the purpose of this Condition 9, "**Moneys Borrowed**" means indebtedness, either alone or in aggregate, evidenced by bonds, notes, debentures or other securities, tradable on exchanges or over the counter, or bank loans or other interest bearing indebtedness of any type whatsoever.

10. Notices

All notices to Bondholders regarding the Bonds (the "**Notices**") shall be published by the Paying and Conversion Agent on behalf of, and in accordance with directions by and at the expense of the Issuer in due time in a daily newspaper nationally circulated in Switzerland, expected to be the Neue Zürcher Zeitung.

Upon the first Trading Day of the Bonds on the Relevant Exchange and for as long as the Bonds are admitted to trading or listed on the Relevant Exchange, all Notices shall be validly published according to the then applicable rules of the Relevant Exchange, in case of SIX Swiss Exchange currently electronically on its internet website (currently: www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html .html), save as otherwise required by law, replacing the publication in a daily newspaper.

11. Listing

The Issuer will use its reasonable efforts to have the Bonds listed on the SIX Swiss Exchange and to maintain such listing until the Maturity Date or in case of an early redemption of the Bonds to the date of the early redemption. The Issuer will use all reasonable efforts to have the Shares listed and to maintain a listing for all the issued Shares on the SIX Swiss Exchange or any other Relevant Exchange.

12. Statute of Limitations

Claims for payment of the Principal Amount and for Cash Payments for Fractions, respectively, cease to be enforceable by legal action in accordance with the applicable Swiss statute of limitations (presently after ten (10) years from their relevant due dates for payment). Claims for pay-

ments of Interest Amounts cease to be enforceable by legal action in accordance with the applicable Swiss statute of limitations (presently after five (5) years from their relevant due dates for payment).

13. Governing Law and Jurisdiction

The Bonds and these Terms of the Bonds shall in every respect (including without limitation questions of form, content and interpretation) be subject to and governed by substantive Swiss law.

Any dispute arising out of or in connection with the Bonds or these Terms of the Bonds shall be submitted to the exclusive jurisdiction of the courts of the City of Zurich (Zurich 1), Switzerland.

The Issuer shall be discharged by and to the extent of any payment or delivery of Shares made in respect of any Bonds to a person recognized as a creditor by an enforceable judgement of a Swiss court.

14. Amendment to these Terms

The Terms of the Bonds may be amended from time to time by agreement between the Issuer and the Bondholder Representative, acting on behalf of and with effect for all present and future Bondholders, provided that in the sole opinion of the Bondholder Representative such amendment is of a formal, minor or technical nature, is made to correct a manifest error or is not materially prejudicial to the interests of the Bondholders.

Notice of any such amendment shall be published in accordance with Condition 10 above.

Any such amendment shall be binding on the Issuer and the Bondholders in accordance with its terms.

15. Role of BKB

BKB acts as Listing Agent, will act as Paying and Conversion Agent of this Bond issue and will or may also act as Bondholder Representative, but only in the cases stated explicitly in these Terms of the Bonds. In any other cases, BKB is not obliged to take or to consider any actions on behalf or for the benefit of the Bondholders.

16. Severability

If at any time any one or more of the provisions of the Terms of the Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

17. Further Issues

The Issuer reserves the right to issue from time to time further bonds with identical terms as set out in these Terms of the Bonds without the consent of the Bondholders. In such a case such further issue shall form a single series with the then outstanding Bonds and the term "Bonds" shall comprise such additionally issued Bonds.

18. Definitions

1 "Additional Consideration" has the meaning given to it in Condition 6(c);

- 2 **"BKB"** means Basler Kantonalbank;
- 3 **"Bond(s)"** has the meaning given to it in the preamble;
- 4 **"Bondholder(s)"** has the meaning given to it in the preamble;
- 5 **"Bondholder Representative"** has the meaning given to it in Condition 9;
- 6 **"Business Day"** means any day (other than Saturday or Sunday) on which banks in Zurich are open for the whole day for business;
- 7 **"Cash Payment for Fractions"** has the meaning given to it in Condition 3(a)(iii);
- 8 **"Change of Control"** has the meaning given to it in Condition 7(a);
- 9 **"Change of Control Notice"** has the meaning given to it in Condition 7(b);
- 10 **"Change of Control Period"** has the meaning given to it in Condition 7(b)(i);
- 11 **"Change of Control Redemption Date"** has the meaning given to it in Condition 7(b)(ii);
- 12 **"Change of Control Redemption Notice"** has the meaning given to it in Condition 7(d);
- 13 **"CHF"** has the meaning given to it in the preamble;
- 14 **"CO"** has the meaning given to it in Condition 1(b);
- 15 **"Common Expert"** means an independent investment bank of international repute or an independent law firm or accounting firm of international repute or an independent financial advisor with relevant expertise of international repute (an **"Expert"**) selected and instructed by the Issuer and the Paying and Conversion Agent by mutual agreement. If the Issuer and the Paying and Conversion Agent do not mutually agree on an Expert within seven (7) days from the beginning of the appointment process, each of the Issuer and the Paying and Conversion Agent shall select an Expert, whereby the so elected Experts shall select together a third Expert. In case the two selected Experts do not mutually agree on a third Expert within seven (7) days after being appointed, each of them shall select another Expert, whereby a Swiss Notary Public appointed by the Paying and Conversion Agent will pick one of these two Experts as third Expert by drawing lots. In the case of the appointment of three Experts references in the Terms of the Bonds to a Common Expert shall be deemed to refer to these three Experts, deciding by majority decision. Decisions of the Common Expert shall be final and binding on the Issuer, the Bondholders and the Paying and Conversion Agent. The Paying and Conversion Agent shall incur no liability against the Issuer or the Bondholders in respect of any action taken, or suffered to be taken, in accordance with such decision and in good faith. The fees and costs of the Common Expert shall be borne by the Issuer;
- 16 **"Condition"** has the meaning given to it in the preamble;
- 17 **"Conversion Date"** has the meaning given to it in Condition 3(b)(i);
- 18 **"Conversion Notice"** has the meaning given to it in Condition 3(b)(i);
- 19 **"Conversion Period"** means the period during which a Bondholder may exercise the Conversion Rights at his option, such period commencing on May 4, 2021 up to and including the earlier of (i) seven (7) Trading Days before the Maturity Date or (ii) in case of early redemption of the Bonds pursuant to Condition 5(b) ten (10) Trading Days prior to the date fixed for early redemption;

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- 20 "**Conversion Price**" means CHF 3.0029, subject to adjustments in accordance with Condition 6 or 7(c);
- 21 "**Conversion Ratio**" has the meaning given to it in Condition 3;
- 22 "**Conversion Right**" means the right of a Bondholder to request conversion of any Bond in accordance with the provisions of these Terms of the Bonds;
- 23 "**Current Market Price**" means the average (mean) of the daily VWAP of one Share on each of the five (5) consecutive Trading Days ending on (and including) the Trading Day immediately preceding the date by reference to which such average is calculated, provided that when calculating the average (mean) of the VWAPs the gross dividend amount (or any other entitlement), if any, of any dividend (or any other entitlement) paid during either of the above mentioned period of five (5) consecutive Trading Days, shall be added back to the VWAPs on each of the Trading Days on which the Shares are traded ex-dividend (or any other entitlement);
- 24 "**Distribution**" has the meaning given to it in Condition 6(a)(iii);
- 25 "**Distribution Date**" has the meaning given to it in Condition 6(a)(iii)(B);
- 26 "**Dividend**" means a distribution per Share made by the Issuer to holders of the Shares at any time as (i) a cash dividend, (ii) a repayment of paid-in capital, (iii) a stock dividend in lieu of a cash dividend, or (iv) tradable put options in lieu of a cash dividend;
- 27 "**Effective Date**" means the last date on which the Shares are traded cum-dividend on the Relevant Exchange or, in the case of a purchase, redemption or buy back of Shares or any depositary or other receipts or certificates representing Shares, the date on which such purchase, redemption or buy back is made or in the case of a spin-off, the last date on which the Shares are traded cum-the relevant spin-off on the Relevant Exchange;
- 28 "**Event of Default**" has the meaning given to it in Condition 9;
- 29 "**Ex-Date**" means the first day on which the Shares are traded on the Relevant Exchange without entitlement (ex);
- 30 "**Expert**" shall have the meaning given to it in the definition of Common Expert;
- 31 "**FISA**" has the meaning given to it in Condition 1(b);
- 32 "**Interest Amount**" has the meaning given to it in Condition 2;
- 33 "**Interest Amount Payment Date**" means February 17 and August 17 in each year, for the first time on August 17, 2021;
- 34 "**Intermediary**" has the meaning given to it in Condition 1(b);
- 35 "**Intermediated Securities**" has the meaning given to it in Condition 1(b);
- 36 "**Issue Date**" means May 4, 2021
- 37 "**Issuer**" has the meaning given to it in the preamble;
- 38 "**Listing Agent**" means BKB, appointed as recognized representative pursuant to article 58a of the listing rules of SIX Swiss Exchange to file the listing application (including the application for provisional admission to trading) for the Bonds with SIX Swiss Exchange;

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- 39 **"Material Subsidiary"** means any operating Subsidiary of the Issuer whose assets or net sales at any time represent ten (10) per cent or more of the consolidated assets, the consolidated net sales, the consolidated operating result or net result (profit after tax or net loss), as the case may be, of the Issuer and its consolidated Subsidiaries at any time, and for this purpose:
- (a) the assets, net sales, the operating result and the net result (profit after tax or net loss) of any such Subsidiary shall be ascertained by reference to:
 - (i) the financial statement information of such Subsidiary, provided to the Issuer and adjusted for consolidation purposes (and thereby in particular excluding mere inter-company transactions) under generally accepted accounting principles applied by the Issuer, at the date to which the last audited consolidated annual financial statements of the Issuer and its consolidated Subsidiaries have been prepared;
 - (ii) if such corporate body becomes a Subsidiary of the Issuer after that date, the latest financial statements of such Subsidiary adjusted to take into account subsequent acquisitions and disposals or other changes in circumstances and adjustments required for consolidation purposes under generally accepted accounting principles applied by the Issuer;
 - (b) the consolidated assets, consolidated net sales, consolidated operating result and net result (profit after tax or net loss) of the Issuer shall be ascertained by reference to the last audited consolidated annual financial statements of the Issuer and its consolidated Subsidiaries; and
 - (c) once a subsidiary has become a Material Subsidiary, it shall be considered one until it has been demonstrated to the reasonable satisfaction of the Paying and Conversion Agent that it has ceased to be a Material Subsidiary, a written report from the Issuer's auditors to this effect being sufficient for this purpose;
- 40 **"Maturity Date"** means 17 August 2024;
- 41 **"Notices"** has the meaning given to it in Condition 10;
- 42 **"Notice of Delisting"** has the meaning given to it in Condition 5(c);
- 43 **"Other Securities"** means equity securities of the Issuer other than Shares;
- 44 **"Paying and Conversion Agent"** has the meaning given to it in Condition 1(e);
- 45 **"Principal Amount"** has the meaning given to it in Condition 1(a);
- 46 **"Purchase Rights"** has the meaning given to it in Condition 6(a)(ii);
- 47 **"Put Notice"** has the meaning given to it in Condition 5(c);
- 48 **"Put Options"** has the meaning given to it in Condition 6(a)(iv)(C);
- 49 **"Record Date"** means the last Business Day prior to the Ex-Date;
- 50 **"Redemption"** has the meaning given to it in Condition 5(a);
- 51 **"Regulation S"** has the meaning given to it in Condition 3(b)(i);
- 52 **"Relevant Debt"** has the meaning given to it in Condition 8(b);

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- 53 "Relevant Exchange" means (i) in the case of Shares, the SIX Swiss Exchange or any successor thereof or, if the Shares are no longer admitted to trading on the SIX Swiss Exchange, the principal stock exchange or securities market on which the Shares are traded, and (ii) in the case of other securities, the principal stock exchange or securities market on which such other securities are traded;
- 54 "Relevant Put Date" means the fourteenth (14th) day after the expiry of the period of sixty (60) days referred to in Condition 5(c). If such a due date does not fall on a Business Day, the Relevant Put Date shall be on the Business Day immediately following such due date;
- 55 "Retroactive Adjustment" has the meaning given to it in Condition 6(c);
- 56 "Securities Act" has the meaning given to it in Condition 3(b)(i);
- 57 "Shares" means issued and fully paid registered shares of currently CHF 1.00 (one Swiss Franc) par value each of the Issuer, or any other shares or stock resulting from any subdivision, consolidation or reclassification of such shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer;
- 58 "SIS" has the meaning given to it in Condition 1(b);
- 59 "SIX Swiss Exchange" means SIX Swiss Exchange Ltd (or any successor to SIX Swiss Exchange Ltd), or the Swiss stock exchange operated by that company, as the context requires;
- 60 "Specified Office" means Basler Kantonalbank, Aeschenvorstadt 41, 4002 Basel, Switzerland
- 61 "Subsidiary" of the Issuer means a company the financial statements of which are, in accordance with applicable law or generally accepted accounting principles, fully consolidated with those of the Issuer;
- 62 "Swiss Federal Stamp Duty" means (a) the transfer stamp duty that may become due on the transfer of securities if a transfer is made by or through a Swiss securities dealer (*Effekthändler*) within the meaning of the Swiss Stamp Duty Act of 27 June 1973, as amended (*Bundesgesetz über die Stempelabgaben*) and (b) the capital issuance stamp duty becoming due upon the issuance of any new Shares by the Issuer;
- 63 "Terms of the Bonds" has the meaning given to it in the preamble;
- 64 "Trading Day(s)" means any day (other than a Saturday or Sunday) on which (i) the Relevant Exchange is open for business and Shares may be dealt in or (ii) (if the Shares are not listed or admitted to trading on the Relevant Exchange) closing bid and offered prices are furnished for the Shares; and
- 65 "VWAP" means with respect to any Trading Day the volume-weighted average price of one Share (or other relevant security) published by Bloomberg Page HP (setting Weighted Average Line) or, if there is none, by such other source as shall be determined to be appropriate by the Common Expert on such Trading Day, provided that on any such Trading Day on which such price is not available or cannot otherwise be determined as provided above, the volume weighted average price of a Share (or other relevant security) in respect of such Trading Day shall be the VWAP, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.