

Ad hoc announcement pursuant to Art. 53 LR

Santhera Announces Improved Liquidity Position

- **Restructured timing of ReveraGen milestone payments, reducing near-term liquidity needs**
- **Secured up to CHF 40 million of additional financing**

Pratteln, Switzerland, June 2, 2022 – Santhera Pharmaceuticals (SIX: SANN) announces that it has renegotiated the timing of an upcoming milestone payment to partner ReveraGen, thereby reducing near-term financial obligations of the Company by CHF 20 million. Santhera has also upsized its existing financing arrangement with certain funds managed by Highbridge Capital Management, LLC (“Highbridge”) which will provide up to CHF 40 million of additional financing. Santhera expects the combination of these events to extend its liquidity runway into 2023 or up to approval of vamorolone in the U.S. which, subject to priority review being granted, is expected in Q1-2023.

Restructured milestone payments reduces near-term cash need by as much as USD 20 million (40%)

An FDA approval of vamorolone would have triggered total milestone payments of USD 40 million to ReveraGen. An amendment to the agreement has been negotiated with ReveraGen resulting in a reduction of the approval milestone by USD 20 million in exchange for an increase of the sales milestone by USD 20 million (due if and when vamorolone annual revenue reaches USD 100 million). The approval milestone will be further reduced by monthly payments already made and to be made to ReveraGen in a maximum amount of USD 4 million. In addition, Idorsia is to receive a milestone payment of USD 10 million at the time of the approval. In summary, the new agreement would result in a reduction in the milestone due upon U.S. approval of vamorolone from USD 50 million to USD 26 million, assuming payments totaling USD 4 million being made in advance of approval.

Upsized financing by Highbridge of up to CHF 40 million adequate to meet liquidity requirements through Q1-2023

Highbridge has committed to increase its existing financing arrangement with Santhera to provide up to CHF 40 million in new senior secured exchangeable notes. Of this amount, around CHF 8.5 million will be used to refinance currently outstanding exchangeable notes.

Such a facility allows for periodic drawdowns (based on meeting certain criteria, an assessment of liquidity and other sources of funds, and sufficient shares for exchanges available at the time) and can be exchanged by Highbridge for shares at a discount to VWAP (volume-weighted average price), subject to a variable floor. The maturity of these new exchangeable notes will be May 2024. The new exchangeable notes will pay a fixed interest, which Santhera can pay in cash or in kind at a rate of between 12 - 16% per annum.

Andrew Smith, Chief Financial Officer of Santhera, commented: “We are pleased with the successful renegotiation of the agreement with ReveraGen which demonstrates its confidence in the commercial success of vamorolone. The additional financing provided by Highbridge is intended to enable funding through anticipated approval. We value their continued support. Together, these measures significantly reduce our near-term financing requirements, especially in a period of market volatility.”

Funding outlook

In September 2021, Santhera secured mixed equity-debt financing in the aggregate amount of up to CHF 42 million (net), resolving the debt overhang through repayment of the 2017/22 convertible bond and providing sufficient liquidity until mid-2022. In addition to the upsized Highbridge financing announced today, additional capital will be required to support the commercialization of vamorolone, for payment of the U.S approval milestones and to serve Santhera's outstanding debt.

The difficult market environment caused by the general downturn of the capital markets and geopolitical volatility have rendered new capital raises challenging. In response, the Company is considering various potential avenues to further bolster liquidity which may include royalty-structured financings and out-licensing transactions in addition to or in lieu of a rights offering and/or PIPE (private investment in public equity)-transaction.

In order to reach profitability with vamorolone in DMD, which is currently expected, at the earliest, during H2-2024, Santhera estimates that the Company will need to secure an additional CHF 40-50 million to fund its operations, including U.S. approval milestone payments and its debt service. Following today's announcements, this is around 50% less than the previously communicated funding need of about CHF 100 million.

About Santhera

Santhera Pharmaceuticals (SIX: SANN) is a Swiss specialty pharmaceutical company focused on the development and commercialization of innovative medicines for rare neuromuscular and pulmonary diseases with high unmet medical need. Santhera has an exclusive license for all indications worldwide to vamorolone, a dissociative steroid with novel mode of action, which was investigated in a pivotal study in patients with DMD as an alternative to standard corticosteroids. The Company plans to complete the rolling submission of its filing for approval for vamorolone with the U.S. FDA in June 2022. The clinical stage pipeline also includes lonodelestat to treat cystic fibrosis (CF) and other neutrophilic pulmonary diseases. Santhera out-licensed rights to its first approved product, Raxone® (idebenone), outside North America and France for the treatment of Leber's hereditary optic neuropathy (LHON) to Chiesi Group. For further information, please visit www.santhera.com.

Raxone® is a trademark of Santhera Pharmaceuticals.

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