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Ad hoc announcement pursuant to Art. 53 LR

*Santhera will hold a conference call on Wednesday, September 22, 2021 at 14:00 CEST, 13:00 BST, 08:00 EDT. Details are at the end of this statement.*

## **Santhera Secures CHF 45 Million in Funding and Announces Preliminary First Half-Year 2021 Financial Results**

- *Existing shareholders Idorsia, Highbridge and Waypoint Capital participate in equity raise*
- *New funding secures current operations past the NDA filing in the U.S. for vamorolone in DMD*

Pratteln, Switzerland, September 20, 2021 – Santhera Pharmaceuticals (SIX: SANN) announces a strengthening of its capital structure via an oversubscribed equity financing of CHF 20 million, a placement of private convertible bonds of CHF 15 million and upsizing of an existing financing arrangement of up to CHF 10 million. The new funding secures current operations to mid-2022, past the NDA filing planned for Q1-2022, and allows for the repayment of the convertible bond maturing in February 2022.

“We are very pleased to have secured funding for our current operations well past a key upcoming inflection point, namely the filing of a new drug application (NDA) for vamorolone in DMD with the U.S. Food and Drug Administration (FDA) on the back of the successful results from the pivotal VISION-DMD study. At the same time, this mixed equity-debt financing minimizes dilution for existing shareholders and allows sufficient capital for the repayment of the bonds due in February 2022,” said **Dario Eklund, Chief Executive Officer of Santhera**. “We believe that this financing, potentially augmented by other non-dilutive sources of funds, will enable us to advance this important drug candidate closer to market. I thank existing and new investors for their engagement and support.”

### NEW FUNDING SUPPORTS CURRENT OPERATIONS BEYOND NDA SUBMISSION FOR VAMOROLONE

Santhera has entered into financing commitments in the gross amount of CHF 45 million, aimed at strengthening its capital structure and satisfying its liquidity needs until mid-2022, past the filing of the NDA in the U.S. for vamorolone in DMD planned for Q1-2022.

H.C. Wainwright & Co. is acting as the exclusive placement agent for the financing. Octavian acted as an advisor to the Company.

### **Equity financing through the private placement of AGM-authorized shares**

Santhera's existing investors Idorsia, certain funds managed by Highbridge Capital Management LLC (“Highbridge”) and Waypoint Capital and a number of new US and other international institutional

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investors have been allocated Santhera shares in the aggregate gross amount of CHF 20 million in a private placement, at the exclusion of existing shareholders' pre-emptive rights. This includes CHF 2 million of non-binding commitments expected to be satisfied in the short term. The placement price has been set at CHF 1.60 per share. Santhera plans to source the shares in whole or in part from the ordinary capital increase as approved by Santhera's shareholders on June 22, 2021. In addition, each investor will receive one warrant per two shares subscribed, each of which is exercisable for one Santhera share at an exercise price of CHF 2.00 at any time upon issuance for a period of five years. Santhera expects to complete the capital increase and to announce the exact number of shares issued within the next few days.

**Placement of private convertible bonds to redeem convertible bond (SAN17) due in February 2022**

Santhera will issue senior unsecured private convertible bonds with an aggregate principal amount of CHF 15million to Highbridge (the **Private Convertible Bonds**). The Private Convertible Bonds can be converted by Highbridge into Santhera shares at a conversion price of CHF 1.76, implying a 10% premium on the issue price of the Santhera shares in the private placement. The floor price of the new convertible bonds for purposes of interest payments in shares will be CHF 1.25. Otherwise, the Private Convertible Bonds will have substantially the same terms as Santhera's existing Senior Unsecured Convertible Bonds due 2024, which are listed on the SIX Swiss Exchange (ticker: SAN21, ISIN CH0563348744, the **2021/24 Bonds**). The Private Convertible Bonds will have the same maturity as the 2021/24 Bonds, namely August 17, 2024, subject to early conversion, redemption or repurchase. Santhera has agreed to use the net proceeds from the Private Convertible Bonds to redeem its Senior Unsecured Convertible Bond 2021 (ticker: SAN17, ISIN CH0353955195), whose outstanding principal amount of CHF 15,155,000 will become due for redemption, together with accrued interest, in February 2022.

**Upsized financing by Highbridge to satisfy short term liquidity needs**

Highbridge has committed to increase its existing financing arrangement with Santhera to provide up to CHF 10 million in new senior secured 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) with a minimum exchange price of no less than CHF 2. A first tranche of CHF 2 million may be drawn at closing, subject to certain drawdown conditions. A further tranche of CHF 5 million may be drawn if and when the FDA supports an NDA for vamorolone in DMD in the United States upon which a CHF 5 million milestone payment to licensor ReveraGen becomes due. Subsequent drawdowns will be subject to milestones yet to be agreed. The maturity of these new exchangeable notes will be May 2024. As with the previous exchangeable notes, the new exchangeable notes will pay a fixed interest, which Santhera can pay in cash at a rate of 12% per annum or in kind at a rate of 13% per annum.

As consideration for its financing commitments regarding the Private Convertible Bonds and the exchangeable notes, Santhera has issued to Highbridge an aggregate of 2.5 million warrants, each of which is exercisable for one Santhera share at an exercise price of CHF 2.00 at any time upon issuance for a period of five years.

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#### FUNDING OUTLOOK AND UPCOMING MILESTONES

Taking into account the estimated net proceeds of the agreed funding of approximately CHF 42 million, Santhera currently expects to have sufficient liquidity until mid-2022. Santhera is on track to meet key near-term inflection points which, if successful, will enable Santhera to seek additional financing after an extraordinary general meeting of shareholders to approve additional share capital.

Key upcoming milestones:

- Q4-2021: Completion and read-out of vamorolone 48-week VISION-DMD study
- Q1-2022: NDA (new drug application) filing in the US for vamorolone in DMD

#### PRELIMINARY UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

Total revenue for the six months ended June 30, 2021, amounted CHF 4.4 million (Jan-Jun 2020: CHF 7.7 million). The decrease in revenues is mainly attributable to a CHF 2.0 million adjustment to defer revenues recorded in the first half-year 2021 due to uncertainties around pricing and reimbursement in France, as well as an agreement with the regulatory authorities in France to supply Raxone free of charge from August 2021 while reimbursement discussions are ongoing. Operating expenses of CHF 22.4 million (Jan-Jun 2020: CHF 31.9 million) were 30% lower due to reduced expenses for development, marketing and sales, and general administrative purposes following the termination of the Puldysa program and the subsequent restructuring. During the period, the Company recorded financial income of CHF 13.4 million in relation to the partial exchange of the 2017/22 convertible bonds. For the six months ended June 30, 2021, the Company recorded a net loss of CHF 19.7 million compared to CHF 31.8 million for the six months ended June 30, 2020.

As of June 30, 2021, the Company had cash and cash equivalents of CHF 8.0 million compared to CHF 12.4 million as of December 31, 2020. Together with the funding announced today, of CHF 45 million gross or net approximately CHF 42 million after expenses, the Company expects to have sufficient liquidity towards supporting operating activities, including milestones payable to ReveraGen and repayment of the remaining 2017/22 convertible bonds maturing in February 2022.

As of June 30, 2021, the Company had convertible bonds outstanding in the amount of CHF 34.6 million of which CHF 15.1 million are due for repayment in February 2022, with the remainder maturing in August 2024 unless converted earlier. The current debt outstanding of CHF 12.0 million (as of June 30, 2021) in the form of exchangeable notes has been settled subsequent to the period end.

Total consolidated equity as of June 30, 2021 amounted to CHF 9.6 million compared to a net equity deficit of CHF 6.3 million as of December 31, 2020.

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|  | In CHF thousands | Jan-Jun 2021<br>(preliminary<br>unaudited figures) | Jan-Jun 2020<br>(unaudited) |
|--|------------------|--|-----------------------------|
| <b>Revenue from contracts with customers</b> |                  | <b>4,491</b>                                       | <b>7,775</b>                |
| Operating expenses                           |                  | -22,408  | -31,911                     |
| Operating result                             |                  | -19,588  | -25,893                     |
| <b>Net result</b>                            |                  | <b>-19,768</b>                                     | <b>-31,827</b>              |

|                                     | In CHF thousands | Jun 30, 2021<br>(preliminary<br>unaudited figures) | Dec 31, 2020<br>(unaudited) |
|-------------------------------------|------------------|--|-----------------------------|
| Cash and cash equivalents           |                  | 7,991  | 12,411                      |
| Other current assets                |                  | 3,559  | 5,312                       |
| Noncurrent assets                   |                  | 68,515   | 70,964                      |
| <b>Total assets</b>                 |                  | <b>80,065</b>                                      | <b>88,687</b>               |
| <b>Total equity</b>                 |                  | <b>9,636</b>                                       | <b>-6,354</b>               |
| Convertible bonds                   |                  | 34,602   | 57,875                      |
| Other noncurrent liabilities        |                  | 7,457  | 8,097                       |
| Current exchangeable notes          |                  | 12,061   | 10,595                      |
| Other current liabilities           |                  | 16,309   | 18,474                      |
| <b>Total liabilities</b>            |                  | <b>70,429</b>                                      | <b>95,041</b>               |
| <b>Total equity and liabilities</b> |                  | <b>80,065</b>                                      | <b>88,687</b>               |

The preliminary key financial figures presented in this press release are subject to change. The Company plans to publish its full 2021 First Half-year Report, with an operational progress update, during September 2021.

#### Conference Call

Santhera will host a conference call on September 22, 2021 at 14:00 CEST / 13:00 BST / 08:00 EDT where CEO Dario Eklund and CFO Andrew Smith will discuss today's announcement. Participants are invited to call one of the following numbers 10-15 minutes before the start of the call (no dial-in code is required):

Europe: +41 58 310 50 00

UK: +44 207 107 06 13

USA: +1 631 570 56 13

#### 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 first-in-class dissociative steroid with novel mode of action, which was investigated in

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a pivotal study in patients with DMD as an alternative to standard corticosteroids. The clinical stage pipeline also includes lonodelestat (POL6014) to treat cystic fibrosis (CF) and other neutrophilic pulmonary diseases as well as an exploratory gene therapy approach targeting congenital muscular dystrophies. 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](http://www.santhera.com).

*Raxone® is a trademark of Santhera Pharmaceuticals.*

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