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Santhera Calls Extraordinary General Meeting to Seek Approval for Proposed Strengthening of Capital Structure

Pratteln, Switzerland, February 24, 2021 – Santhera Pharmaceuticals (SIX: SANN) announces that it is convening an Extraordinary General Meeting (EGM) where the Board will propose to shareholders the authorization and issuance of the shares required to implement the upsized financing from a fund managed by Highbridge Capital Management, LLC, and the intended restructuring of its CHF 60 million Senior Unsecured Convertible Bonds.

This press release complements the earlier announcement “Santhera Announces Corporate Update and Proposal to Strengthen Capital Structure”, which can be viewed [here](#).

As announced in the recent corporate update, Santhera’s Board of Directors is calling an Extraordinary General Meeting (EGM), to be held on March 18, 2021, mainly to propose to the shareholders the authorization and issuance of the shares required to implement the below transactions:

Financing arrangement with Highbridge

Santhera's existing investor Highbridge Tactical Credit Master Fund, L.P. (a fund managed by Highbridge Capital Management, LLC, “Highbridge”) has committed to increasing its existing financing arrangement with Santhera to provide up to CHF 18 million in senior secured notes exchangeable by Highbridge (CHF 6 million of which was previously committed), which will be available in tranches and subject to certain drawdown conditions. The maturity of such exchangeable notes has been extended to July 2022 and in consideration for this commitment and amendment, Highbridge will receive a fee in the form of five-year warrants (options) for Santhera shares priced at a small premium to a reference share price determined ahead of the closing of the bond restructuring.

Bond restructuring

As part of its restructuring activities, Santhera has called a bondholders' meeting (to be held on March 8, 2021) and proposes to the holders of the Bonds to (i) convert 32.5% of the principal amount of each Bond (CHF 19.5 million in aggregate) into shares of Santhera at the current conversion price of CHF 64.80 per Share and (ii) modify the terms of the remaining 67.5% of the principal amount of each Bond (CHF 40.5 million in aggregate). The terms of the amendments are set out in the invitation to the bondholders' meeting. The proposed bondholder resolution requires a majority of two-thirds of all Bonds outstanding and Highbridge as the largest bond investor with approx. 32% of the outstanding principal amount has already agreed to support the resolution.

The intended strengthening of Santhera’s capital structure is dependent, among others, on the approval of both its bondholders (March 8, 2021) and shareholders (March 18, 2021). If the EGM does not approve the required capital increases, the restructuring of the bonds couldn’t be completed and the Company

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would have insufficient available capital to fully utilize the recently agreed additional Highbridge finance facility. As a result, the Company would be significantly limited in its ability to raise sufficient funding in the short term to continue operations.

The Board proposes to increase the ordinary share capital by CHF 312,000 for the delivery of shares for the restructuring of part of the convertible bond, to increase the authorized capital to the statutory limit of 50% of the issued share capital and to also increase the total of the two conditional capitals to the same 50% limit (the proposed increase of the conditional capital for employee participations amounts to CHF 1,850,000).

The Board of Directors is also requesting shareholder support for a motion related to a both time and performance based equity instrument for Executive Management in the form of performance share units (PSU).

The agenda for the EGM, with details on each of the proposed agenda items and further information, can be viewed [here](#). Due to COVID-19 restrictions, shareholders will be able to exercise their rights at the EGM solely via the independent proxy. All proposed capital increases require the approval by two thirds of the votes represented at the EGM.

Related Documents

Invitation to the Extraordinary General Meeting (March 18, 2021), [Link](#).

Press release "Santhera Announces Corporate Update and Proposal to Strengthen Capital Structure": [Link](#).

Invitation to the Bondholders' Meeting (March 8, 2021), the EGM (March 18, 2021) and accompanying documents: <http://www.santhera.com/investors-and-media/investor-toolbox/share-bondholder-meetings>

Corporate calendar

March 8, 2021	Bondholder Meeting
March 18, 2021	Extraordinary General Meeting
April 27, 2021	Publication of annual results and Annual Report 2020
June 22, 2021	Annual General Meeting

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, currently investigated in 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 ex-North American rights to its first approved product, Raxone® (idebenone), 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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