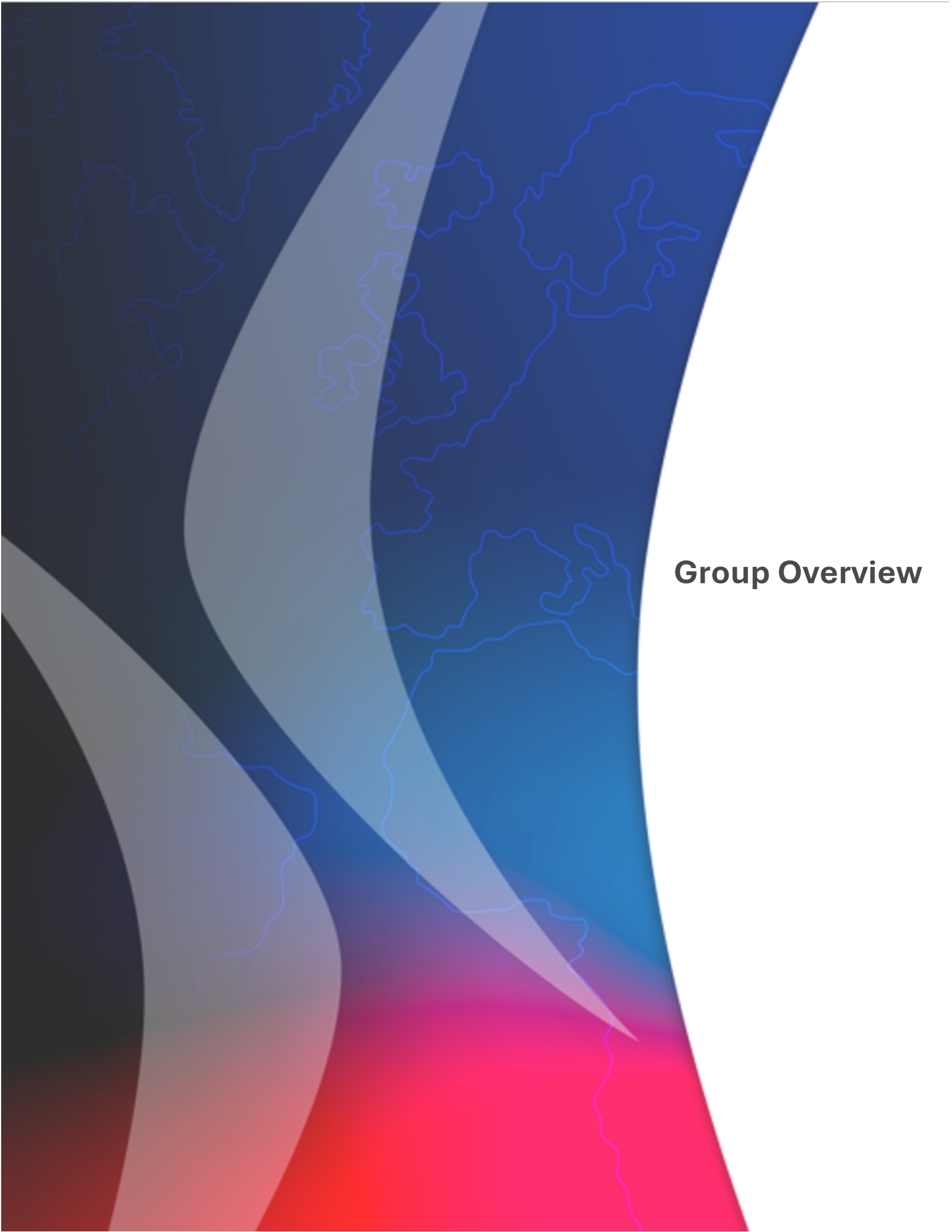
santhera
THEIR FUTURE - OUR FOCUS

# ANNUAL REPORT 2024

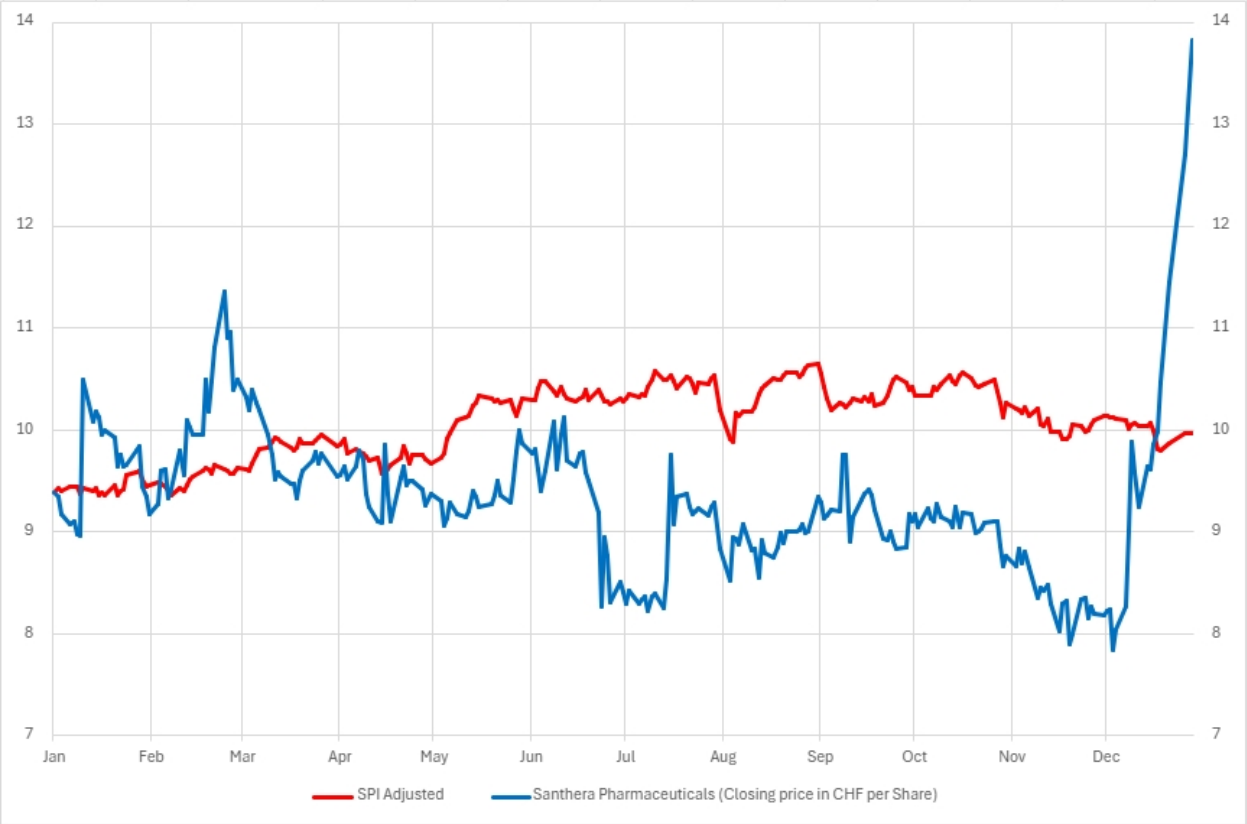


# Group Overview

# Financial Key Figures

| *IFRS consolidated, in CHF thousands* | **2024** | 2023 |
|---|---|---|
| Revenue from contracts with customers | **39,117** | 103,414 |
| Operating expenses | **(56,925)** | (31,999) |
| Operating result | **(33,110)** | 68,844 |
| Net result | **(41,974)** | 54,782 |
| Basic net result per share (in CHF) | **(3.69)** | 5.18 |
| Diluted net result per share (in CHF) | **(3.69)** | 5.01 |
| Cash and cash equivalents at December 31 | **40,925** | 30,370 |
| Net change in cash and cash equivalents | **10,555** | 29,017 |

# Share Price Development in 2024




| | |
|---|---|
| High | CHF 13.82 (December 30, 2024) |
| Low | CHF 7.84 (December 5, 2024) |
| Share price performance in 2024 | 47.2% |
| Share price at year-end | CHF 13.82 |
| Market capitalization at year-end | CHF 186 million |
| Annual average trading volume | 23,566 shares/day |

(based on closing share prices)

# Contents

# Letter to Our Shareholders

Dear Shareholders,

Reflecting on 2024, it is clear it has been a year of transformation for the Company. The past twelve months have brought not only the first European launches for AGAMREE® for the treatment of Duchenne muscular dystrophy (DMD) in Germany and Austria, but also the very successful U.S. launch by our licensing partner Catalyst Pharmaceuticals, Inc. Financially, the Company ended 2024 in a strong position, having secured financing of up to CHF 69 million in August. This funding will support the Company's growth initiatives and provide liquidity through to 2026, at which point Santhera expects to be cashflow break-even.

## Operational progress

The launch of AGAMREE in Germany and Austria at the start of 2024 hailed a new chapter in the history of Santhera. As at 31 December 2024, less than a year since launch, over 300 patients were on continuing treatment with AGAMREE, representing almost 30% of those currently on steroid treatment. This strong uptake is a clear reflection of the medical need for better treatment options for DMD. In the U.S., Santhera's partner Catalyst Pharmaceuticals has seen a strong uptake of AGAMREE since the launch in March 2024. It reported USD 46 million in revenue for the calendar year, surpassing its upgraded guidance for the year. Catalyst has guided sales for 2025 in excess of USD 100 million, which would trigger a further milestone to Santhera. In China, Sperogenix commenced an early access program during 2024 and following regulatory approval in December 2024, is preparing for commercial rollout mid-2025 on a non-reimbursed basis, with full pricing reimbursement expected in early 2026. During the year, Santhera also entered into a distribution agreement with GENESIS Pharma covering European non-direct markets, in addition to other distribution agreements for Israel and Qatar. Santhera also secured a named patient supply agreement with Clinigen to cover territories where AGAMREE is not yet commercially available. Santhera remains active in expanding territories through additional partnerships.

## Strategic direction

While our key focus remains on the continued roll out of AGAMREE, the Company is also looking to expand its product portfolio through licensing or distribution agreements, or potentially M&A. The aim to add one or two rare or orphan products to our portfolio by the end of 2026 would not only improve the operational efficiency of the Company's sales, marketing and head office infrastructure but also lead to accelerated growth at both the top and bottom line. The Company has well-defined criteria for in-licensing and is clear that any product brought in must have completed pivotal trials and not require further clinical development before regulatory submission. However regulatory risk would be acceptable considering the strong expertise Santhera has in this area.

The decision has also been made that Santhera will not be investing in the near term into expanding AGAMREE into additional indications. However, the Company has an option to leverage indication expansion studies undertaken by its partners at a future date. Instead, the Company will use funds, in addition to product

portfolio expansion, to focus on maximizing the opportunity of AGAMREE in DMD, including generating additional evidence of long-term safety to maximize the DMD market opportunity.

### ESG roadmap

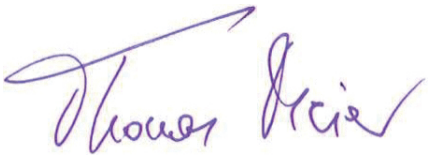
At Santhera, we understand the ESG criteria as a framework to assess our environmental impact, social policies and governance structures. At the core of our business model, we are dedicated to generating a positive social impact. We are committed to further address our environmental, social and governance impact and proactively navigate the challenges as well as risks of a rapidly changing world. To this end, we will conduct a materiality assessment to identify our relevant topics as well as develop an ESG strategy and define respective targets. This strategy, along with the assessment's findings, will be detailed in our next report. This current report provides an initial overview on specific ESG topics.

### Delivering on growth and path to profitability

The year 2025 will be key for the Company with sales expected to grow by over 50% and reach CHF 65-70 million for the full year. This will be driven by continued growth in existing markets as well as sales from new territories. As we move to 2026 the Company expects to be cashflow break-even, with anticipated strong growth as we continue to explore opportunities to expand our geographic reach and product portfolio.

Finally, we want to say thank you to all our shareholders for their ongoing support. We trust that the progress that has been made over 2024 shows our commitment not only to bringing a significant improvement to the lives of DMD patients globally but also to providing a return to our shareholders for their faith in us over this time. Additionally, we want to say a special thank you to our dedicated employees, whose relentless efforts and determination has made this success possible. We are excited as we look to the rest of 2025 and the years ahead, focused on rolling out AGAMREE globally and building Santhera into a leading specialty pharmaceutical company in the rare disease field.

Sincerely,



Thomas Meier, PhD

Chairman

Dario Eklund
Chief Executive Officer

BUSINESS REVIEW

# 2024/2025 Key Achievements

**January 2024**

- UK's MHRA approves AGAMREE®, adopting labeling of the European Medicines Agency

- Santhera's first market launch of AGAMREE in Germany. AGAMREE is the only approved medication in the European Union for treating all patients from age 4 years with DMD, and the first DMD therapy approved across the U.S., EU and UK

**March 2024**

- Partner Catalyst Pharmaceuticals, Inc. launches AGAMREE in the U.S.

- The China National Medical Products Administration (NMPA) accepted for priority review the NDA for AGAMREE in DMD which was submitted by Sperogenix Therapeutics, Santhera's partner in China

**June 2024**

- Secured up to CHF 69 million in royalty and debt financing to fund operations to cash flow break-even in 2026

- In China Sperogenix launches Early Access Program for AGAMREE

**September 2024**

- Entered into AGAMREE distribution agreement for Central & Eastern Europe with GENSIS Pharma

- Swissmedic accepts Marketing Authorization Application for AGAMREE

**October 2024**

- Announced positive topline results from LIONHEART study with AGAMREE demonstrating unique mineralocorticoid receptor antagonism, indicating potential cardioprotective properties

**November 2024**

- Entered into exclusive supply agreement for AGAMREE with Ali Al Suwaidi trading establishment in Qatar

**December 2024**

- Approval from China's NMPA for AGAMREE

- Received positive recommendation from NICE for AGAMREE

**January 2025**

- Entered a supply and distribution agreement for AGAMREE with Clinigen Group

**February 2025**

- Reimbursement agreement secured with German GKV-SV for AGAMREE in Germany

**March 2025**

- Held Capital Markets Day for institutional investors

**April 2025**

- AGAMREE available throughout the UK on a reimbursed basis

# Business Review

# 2024 Charting a New Era: From Product Approval to Patient Access

## Introduction

The year 2024 marked a transformational period for Santhera, with the Company's successful transition from a development-stage enterprise to a fully integrated, revenue-generating commercial biopharmaceutical company. Following regulatory approvals for AGAMREE® (vamorolone) in the U.S. and Europe at the end of 2023, Santhera initiated market access activities and product launches across key geographies. This commercial momentum was underpinned by strong partnerships, a focused strategy, and prudent financial and operational execution.

The Company's lead product, AGAMREE, is the first and only approved dissociative corticosteroid designed to treat all patients 4 years of age and older with Duchenne muscular dystrophy (DMD) with an improved safety profile compared to traditional glucocorticoids. The successful European launches in Germany and Austria, together with the U.S. launch by partner Catalyst Pharmaceuticals, delivered on Santhera's strategic imperative to provide a differentiated therapy that meets the urgent needs of patients and caregivers. Additional regulatory and reimbursement milestones, including positive NICE guidance in the United Kingdom and marketing authorization in China, further reinforced AGAMREE's global potential.

Financially, the Company secured additional funding to support ongoing operations and market launches and has guided to cash break-even by mid-2026. Total revenues for the year were CHF 39.1 million and included CHF 15.0 million from own market product sales driven by the successful launches in Germany and Austria.

The year also marked important advances in manufacturing scale-up and supply chain management as well as long-term data generation. This will be important for the continued successful global rollout of AGAMREE over the coming years, as the Company seeks to maximize the potential of the drug in helping DMD patients globally.

## AGAMREE® commercial rollout

The commercial rollout of AGAMREE in 2024 represented a landmark in Santhera's evolution. The Company's ability to translate clinical success into real-world patient access across multiple regions demonstrated both the clinical value of AGAMREE and Santhera's strong regulatory and commercial capabilities.

In Europe, the product was first launched in Germany in January 2024. Germany, as the largest pharmaceutical market in Europe, served as a critical bellwether for AGAMREE's clinical adoption. By year-end, over 300 patients in Germany had transitioned to AGAMREE, representing approximately 30% of those currently treated with corticosteroids. This rapid uptake was supported by broad reimbursement agreements and favorable feedback from prescribers, highlighting AGAMREE's benefits in terms of bone health, growth, and behavior compared to traditional steroids.

Austria followed closely behind, with national reimbursement secured and uptake gradually increasing as prescriber familiarity and patient demand grew. Parallel efforts were initiated in additional EU markets, with pricing and reimbursement negotiations advancing in Italy, Spain, Benelux, the Nordics and other EU countries. These launches are expected to progress through 2025 and 2026, in line with local market access and reimbursement negotiation timelines.

In the United Kingdom, AGAMREE received Medicines and Healthcare products Regulatory Agency MHRA marketing authorization in January 2024. In December 2024 AGAMREE went on to receive a draft positive recommendation from the National Institute for Health and Care Excellence (NICE). Following positive final guidance from NICE in January 2025 AGAMREE became available for prescription across the UK from April 2025.

In North America, Santhera's U.S. licensee, Catalyst Pharmaceuticals (Catalyst), launched AGAMREE in March 2024 following FDA approval in October 2023. Catalyst reported strong early demand from the Duchenne community and healthcare providers, achieving USD 46 million in net sales by year-end. These results exceeded initial forecasts and reflect AGAMREE's strong positioning as a new standard of care for DMD patients. Based on current projections, Catalyst has provided guidance for 2025 sales of USD 100-110 million, which would trigger additional milestones for Santhera.

In China, Santhera's partner Sperogenix Therapeutics initiated early access programs for AGAMREE in mid-2024, while awaiting full regulatory approval. In December, China's National Medical Products Administration (NMPA) granted marketing authorization for AGAMREE, positioning Sperogenix to launch commercially on a non-reimbursed basis during the latter half of 2025, with plans to secure reimbursement in early 2026. These early efforts will establish a critical foothold in one of the world's largest rare disease markets.

The commercial launch of AGAMREE in 2024 underscored the global medical community's recognition of its differentiated clinical profile. Santhera continues to engage with clinicians, patient advocacy groups, and regulators to ensure rapid and equitable access to this important treatment globally, either directly or through its strategic partnerships.

## Market access and reimbursement

Achieving broad and sustainable access for AGAMREE across international markets was a core priority for Santhera in 2024. Building on foundational work undertaken in the previous year, the Company advanced multiple national reimbursement submissions and pricing negotiations, positioning AGAMREE for long-term availability through public healthcare systems.

In Germany, AGAMREE was granted full reimbursement under the AMNOG process following rapid consensus pricing negotiations with the GKV-SV. The product was listed with an agreed price supporting access for all eligible DMD patients. Santhera's early engagement with key opinion leaders and health authorities helped expedite access pathways and ensured clinical and economic evidence was well aligned with payer expectations.

Austria followed a similar path, with positive decisions from the Hauptverband der österreichischen Sozialversi-cherungsträger (HVSV), enabling inclusion in the national reimbursement system. Santhera also

initiated submissions in Belgium, the Netherlands, and Luxembourg, where national health authorities indicated a willingness to consider AGAMREE under existing frameworks for rare disease treatments.

In the United Kingdom, NICE published its final guidance recommending AGAMREE as a cost-effective option for treating DMD in steroid-naive and previously treated patients. The appraisal committee recognized AGAMREE's differentiated benefit-risk profile, particularly around growth preservation, bone health, and behavior. In parallel, NHS England confirmed product inclusion in the national formulary, supporting broad patient access.

In Spain and Italy, Santhera progressed dossier submissions and pricing negotiations with the Spanish Agency of Medicines and Medical Devices (AEMPS) and the Italian Medicines Agency (AIFA), respectively. Engagements with the Spanish regional authorities and Italian Technical-Scientific Committee (CTS) are ongoing and expected to lead to reimbursed access in 2025 or early 2026.

In the Nordics, Santhera pursued market access pathways in Sweden, Denmark, Norway, and Finland through the Nordisk Läkemedelsstatistik collaboration. While timelines vary by country, all four health systems indicated interest in the treatment, particularly for pediatric patients transitioning from standard steroids.

Outside of Europe, Santhera worked closely with its commercial partners to align reimbursement and pricing strategies. Catalyst in the U.S. undertook formulary negotiations with public and private payers, achieving broad coverage across Medicaid, Medicare Part D, and key commercial plans. The Centers for Medicare & Medicaid Services (CMS) classified AGAMREE as a preferred treatment for eligible pediatric DMD patients, supporting strong early adoption.

In China, Sperogenix received marketing authorization approval from the NMPA in December 2024. The Company began preparation for provincial listing submissions, with initial pricing discussions proceeding during 2025. Full reimbursement is targeted for 2026 through China's National Reimbursement Drug List.

Market access workstreams are ongoing across the Middle East, Central and Eastern Europe, and Latin America to establish new distribution partners or additional regional licensees. These efforts are backed by a central medical affairs and health economics team based in Switzerland, who continue to develop real-world evidence packages and pharmacoeconomic dossiers to support local submissions.

Santhera's commitment to access goes beyond pricing. The Company has established an early access framework in select countries and provided product through compassionate use programs where regulatory conditions allow. Additionally, educational outreach to clinicians, patient groups, and payer stakeholders has reinforced understanding of AGAMREE's clinical differentiation.

## Partnerships and licensing

Santhera's commercial success in 2024 was underpinned by a robust network of strategic partnerships that continued to deliver value across core regions. These collaborations provided capital-efficient routes to market, accelerated geographic expansion, and strengthened global brand presence for AGAMREE.

In the U.S., Catalyst led the commercial launch of AGAMREE following FDA approval. Under the licensing agreement, Santhera is eligible to receive low to high teens tiered royalties on U.S. net sales and up to USD 105

million in further commercial milestone payments. Catalyst's experienced rare disease commercial infrastructure proved instrumental in achieving USD 46 million in net sales in its first year, exceeding its market guidance. The partnership also supported post-marketing commitments and real-world data generation in the U.S. market.

In China, Santhera's exclusive regional partner, Sperogenix Therapeutics, advanced AGAMREE towards commercialization following regulatory approval in late 2024. Sperogenix initiated early access programs and began preparing for commercial launch in the second half of 2025, with reimbursement planned for 2026. As with the Catalyst agreement, Santhera receives tiered royalties on sales as well as milestone payments relating to commercial success.

In Europe, Santhera pursued a hybrid model of direct commercialization in key markets (e.g. Germany, UK, France, Spain, Italy, Switzerland) and out-licensing or distribution agreements in secondary territories.

Santhera entered into a distribution agreement with GENESIS Pharma SA in July 2024, for 20 markets in Central and Eastern Europe. Genesis has since successfully introduced AGAMREE in several of their markets, either via Named Patient Supply or via full reimbursement, with Slovenia being the first country in the territory to achieve the latter in April 2025. The two companies continue their close collaboration to ensure the availability of AGAMREE across all countries in the region.

In 2024, the Company also signed regional distribution agreements covering Israel and Qatar. These partnerships aim to extend AGAMREE's reach while ensuring efficient local market access and regulatory navigation. Santhera remains active in expanding territories through additional partnerships.

## Manufacturing and supply chain

To support global expansion and ensure reliable, cost-effective product availability, Santhera advanced several critical initiatives related to AGAMREE's manufacturing and supply chain in 2024.

The Company began validation of a second commercial-scale manufacturing site in Switzerland in partnership with a contract development and manufacturing organization (CDMO). This site will operate in parallel with the existing facility in Europe and is expected to enhance supply chain resilience, reduce lead times, and lower manufacturing costs through process optimization and localization.

In the United States, Catalyst progressed the qualification of a secondary manufacturing site within the U.S. to support growing demand and mitigate future supply risks. Santhera provided technical support for this initiative, which is expected to bring additional cost and logistical efficiencies to the North American supply chain.

In China, Sperogenix entered early discussions with domestic CDMOs and regulatory authorities to establish a future manufacturing presence in-country, targeting local production readiness by 2028. This initiative is expected to support pricing and reimbursement discussions with Chinese authorities, where domestic sourcing is increasingly favored for essential medicines.

Santhera also implemented upgraded quality assurance systems and added capacity in its global supply and logistics functions. Investments were made in digital tracking tools, demand forecasting models, and compliance systems to prepare for growing multi-market complexity.

The Company's manufacturing strategy remains tightly aligned with its financial discipline, balancing scale-up investments with anticipated revenue growth and ensuring all supply decisions maintain quality, regulatory alignment, and cost-effectiveness.

## R&D strategy and pipeline development

The Company will not be investing further in additional indication expansion for AGAMREE in the near term. However, the Company has an option to leverage indication expansion studies undertaken by its partners at a future date. The Company will however continue to use funds to focus on maximizing the opportunity with AGAMREE in DMD and will continue to generate additional evidence of long-term safety on the use of AGAMREE. The Company looks forward to long-term data readout from the GUARDIAN study, expected in Q4 2025.

Santhera remains actively engaged in looking to expand its late-stage pipeline through licensing and distribution agreements, and potential M&A transactions. This would provide operational efficiency within its EU infrastructure leveraging the skill set that already exists within the business. The focus of this activity is on the rare disease field and for assets that have already completed clinical development, therefore not introducing clinical risk into the Company. Santhera is, however, happy to potentially take on regulatory risk due to the company's strength and expertise in the regulatory filing, reimbursement and approval process across Europe.

FINANCIAL REVIEW

# Financial Performance, Activities & Outlook

**In 2024, Santhera achieved a revenue of CHF 39.1 million and a net loss of CHF 42.0 million. The cash reserves of CHF 40.9 million at year-end 2024, together with 2025 product revenue, royalties and milestones, will enable the Company to fund operations towards cash break-even in 2026.**

## 2024 full year revenue driven by strong underlying revenue growth

In 2024, Santhera reported total revenue from contracts with customers of CHF 39.1 million (2023: CHF 103.4 million). Product sales of CHF 15.0 million (2023: CHF 0.8 million) were driven by the successful launch of AGAMREE in Germany and Austria. Royalties and milestones in the year amounted to CHF 16.9 million (2023: CHF 99.9 million), with 2023 revenues being bolstered by out-licensing milestones received from Catalyst in the U.S. and Sperogenix in China. Revenue from supply of product and services to partners was CHF 7.2 million (2023: CHF 2.7 million)

## Cost of sales

Cost of goods sold amounted to CHF 15.5 million (2023: CHF 3.2 million), following the commencement of AGAMREE sales. Cost of goods includes CHF 5.0 million in intangible amortization (2023: CHF 2.4 million) and royalties payable of CHF 3.5 million (2023: nil) in addition to costs relating to product supplies and logistics.

## Operating expenses and result

Operating expenses of CHF 57.0 million (2023: CHF 32.0 million). The year 2023 was positively impacted by a net gain of CHF 17.7 million on the sale of the idebenone business. Excluding this, 2024 operating expenses were 15% higher year-on-year, primarily due to increased development, marketing and sales expenses, partially offset by lower general and administrative expenses.

*Development* expenses amounted to CHF 26.5 million (2023: CHF 18.7 million). Adjusting for inventory capitalization, these expenses increased by 24%, stemming from higher third-party clinical and regulatory services. These were largely related to the support of marketing authorization dossiers for AGAMREE in DMD with the authorities in the U.S., China, EU and UK ahead of approval, as well as post marketing long-term extension studies.

*Marketing and sales* expenses were CHF11.0 million (2023: CHF 9.8 million). This represents an increase of 13% due to activities to support the launches in direct markets of AGAMREE offset by a reduction in expenses following the U.S. out-licensing.

*General and administrative* expenses amounted to CHF 19.5 million (2023: CHF 21.2 million), a reduction year-on-year of 8%. This reflects the reduction of costs related to licensing activities in 2023, offset by financial activities and the addition of personnel in key functions in view of AGAMREE's launch in European markets.

The operating result amounted to a loss of CHF 33.1 million (2023: income of CHF 68.8 million).

## Financial income and expenses

The financial income in 2024 amounted to CHF 11.6 million (2023: CHF 19.4 million). The decrease was predominantly related to changes in fair value of financial instruments and in (un)realized foreign exchange gains.

Financial expenses in 2024 were CHF 20.1 million (2023: CHF 33.4 million), primarily driven by lower interest and make-whole expenses as well as changes in fair value of financial instruments and in (un)realized foreign exchange losses

This resulted in a net financial expense of CHF 8.5 million, a reduction of 39% on the previous year (2023: CHF 14.0 million), reflecting the overall change in funding structure.

## Net result

The net result in 2024 was a loss of CHF 42.0 million, compared to a net income of CHF 54.8 million in the year 2023.

## Cash balance and cash flows

As of December 31, 2024, the Company had cash and cash equivalents of CHF 40.9 million, compared to CHF 30.4 million as of December 31, 2023.

*Net cash outflow from operating activities* amounted to CHF 35.5 million (2023: net cash inflow of CHF 47.3 million), the change mainly due to out-licensing receipts in 2023.

*Net cash flow used in investing activities* was lower year-on-year and amounted to CHF 0.1 million (2023: CHF 18.0 million) with 2023 including the payments for intangibles.

*Net cash flow from financing activities* in 2024 was CHF 46.1 million (2023: CHF -0.2 million). This was the net result of proceeds from financing transactions (involving warrants, term loan and royalty monetization) totaling CHF 60.1 million which was mainly offset by cash used for financing, above all the repayment of convertible bonds in the amount of CHF 13.5 million.

In summary, the net increase in cash and cash equivalents in 2024 amounted to CHF 10.6 million (2023: net increase of CHF 29.0 million).

## Assets and liabilities

Intangible assets decreased by CHF 5.0 million to CHF 68.9 million, reflecting amortization of AGAMREE intangible in use.

Total assets increased to CHF 152.5 million (from CHF 109.6 million in 2023) and included an increase in inventory by CHF 15.7 million to CHF 17.5 million. Trade and other receivables increased by CHF 11.7 million to CHF 13.9 million, reflecting increases in milestones receivable and working capital during the commercialization stage.

Total liabilities increased by CHF 75.1 million to CHF 124.8 million, mainly due to the new term loan and royalty monetization, offset by repayment of convertible bonds as well as working capital increases.

## Shareholders' equity

Total consolidated equity as of December 31, 2024, amounted to CHF 27.7 million, compared to a total equity of CHF 60.0 million as of December 31, 2023. This was a result of the net loss for the period as well as the issue of equity during the year.

## Royalty and debt financing

In August, Santhera announced the closing of two financing agreements that provided the Company with gross funding totaling approximately up to CHF 69 million. This comprised a new term loan agreement with Highbridge Capital Management LLC (Highbridge) and a royalty monetization agreement with R-Bridge (part of the CBC Group).

Santhera received CHF 35 million through the senior secured loan from Highbridge. The loan has a four-year maturity and an interest rate of 3-month SARON plus 9.75%. The transaction additionally included changes to the existing CHF 7 million Highbridge private convertible bonds, that has a strike price of CHF 10.00, by extending it by 12 months to August 2025. Highbridge also received 236,540 new warrants at an exercise price of CHF 11.0975 and at the same time converted a CHF 4 million bond with a strike price of CHF 5.00.

R-Bridge, upon closing of the royalty monetization financing agreement, paid Santhera an upfront of USD 30 million. It will additionally make staged sales-related milestone payments that, if achieved, would result in total payments to Santhera of a further USD 8 million. The royalty agreement with R-Bridge is partial and capped. Santhera is monetizing 75% of the future royalty income streams (net of any agreed payment obligations of Santhera to ReveraGen and Idorsia) from its licensing agreements for AGAMREE with Catalyst Pharmaceuticals, Inc. and with Sperogenix Therapeutics Ltd., in respect of net product sales occurring from July 1, 2024. Once the agreed threshold or duration of royalty payments is met, the North America and China royalty payments will revert back to Santhera. In addition, Santhera retained certain rights to buy back the royalty income stream.

Together with existing cash resources, these two agreements will support the Company's growth initiatives, repay the CHF 13.5 million of listed convertible bonds that matured in August 2024 and provide liquidity through to the first half of 2026, at which point Santhera expects to be cash flow break-even.

## ReveraGen and Idorsia Agreements

On originally acquiring the rights to AGAMREE, as previously announced, sales milestones and net sales royalties are paid to both ReveraGen and Idorsia. These royalty payments, totaling a mid to high single digit percentage of net sales, are booked to cost of sales along with any milestones that fall due.

Post period end, in January 2025 Idorsia announced that it had sold R-Bridge the rights to future AGAMREE sales milestones and royalties through a royalty monetization agreement. The impact of this is that Idorsia is now solely a shareholder in the company with no other financial interest and that R-Bridge will now receive royalty and milestone payments (alongside ReveraGen) in addition to royalties paid under the royalty monetization agreement signed in August 2024, described above.

## Share capital, treasury shares and warrants

As of December 31, 2024, issued share capital consisted of 13,433,343 shares with a total nominal value of CHF 1,343,334 (nominal value CHF 0.10 per share), and the Company held 647,586 treasury shares with total nominal value of CHF 64,759 for future equity-based financings. The Company also had 916,205 warrants in issue, including 221,161 at a strike price of CHF 9.04 which have been exercised since the year end, with the remainder outstanding comprising 221,161 at a strike price of CHF 9.04, 236,540 at a strike price of CHF 11.0975 and 458,506 at a strike price of CHF 20.

## Financial guidance and outlook

Santhera expects continued strong growth in sales during 2025 as global roll out continues and gathers pace. Total revenues in 2025 are expected to be in the CHF 65-70 million range. Operating expenses (SG&A and R&D) for 2025, and going forward on a constant portfolio basis and excluding non-cash share based compensation, are expected to be in the range of CHF 50-55 million.

Looking to the future, for 2028 Santhera is guiding to total revenues excluding milestones, of EUR 150 million. This includes direct anf distributor market sales as well as royalty income from North America and China. By 2030 Santhera expects revenues in its own direct markets (excluding distributor revenues as well as royalties and milestones from its U.S. and Chinese licensing partners) to be greater than EUR 150 million.

OUR INNOVATION

# Research and Development

Whilst the Company continues to generate additional evidence of long-term safety on the use of AGAMREE in DMD to maximize the opportunity with AGAMREE in DMD, Santhera will not be investing further in additional indication expansion for AGAMREE in the near term. The next data to be released will be the long-term data readout from the GUARDIAN study which is expected in Q4-2025.

As a dissociative steroid, vamorolone has the potential to treat certain other inflammatory diseases beyond neuromuscular diseases where the long-term administration of standard corticosteroids is necessary but limited due to their detrimental side-effects. The Company looks to maximize this potential via the option it has to leverage indication expansion studies undertaken by its partners at a future date if at that time it makes commercial sense to do so.

| Molecule | Study / Indication | Proof of Concept / Pivotal / Filing / Market / Phase 4 | Remarks |
|---|---|---|---|
| Vamorolone<br>• dissociative steroid<br>• oral suspension | DMD development<br>VISION-DMD | Approved in US, EU, UK and CN/HK | North America & China/ South-East Asia partnerships with Catalyst and Sperogenix, respectively |
| | DMD long-term extension<br>GUARDIAN | Ongoing | Establish long-term benefit in DMD for patients on drug for 6+ years |
| | Mechanistic study<br>LIONHEART | Completed | Established mineralocorticoid receptor antagonism in human |
| Life cycle management | Becker<br>muscular dystrophy | Q4 / 2025 | Trial under FDA grant to partner ReveraGen |
| | Steroid alternative in other indications | TBD by partners | SANN has the option to leverage indication expansion studies undertaken by partners |

**AGAMREE® (vamorolone)** has been approved in the United States (October 2023), the European Union (December 2023) and the United Kingdom (January 2024) for the treatment of Duchenne muscular dystrophy (**DMD**). As of December 31, 2024, it was marketed in Germany and Austria by Santhera and by Catalyst Pharmaceuticals in the U.S..

In the neuromuscular area, an FDA-funded Phase 2 clinical trial is ongoing with vamorolone in Becker muscular dystrophy (**BMD**), a progressive muscle wasting disease similar to DMD but usually milder.

# AGAMREE® (vamorolone) in DMD

**AGAMREE® has been developed for patients with Duchenne muscular dystrophy (DMD) who require an anti-inflammatory, muscle preserving treatment with a differentiated safety and tolerability profile. The successfully completed clinical program aims at offering an alternative to the standard of care in DMD and culminated in the approval of AGAMREE by the U.S. FDA, the EU EMA and the UK MHRA.**

## Duchenne muscular dystrophy (DMD) is a rare genetic disease

DMD is one of the most common and devastating types of muscular degeneration and primarily affects boys starting at an age between three and five years on average. An estimated 30,000 to 35,000 patients in the U.S. and Europe combined are affected by this disease, which occurs in about one in 5,000 male births worldwide.

DMD is an inherited condition linked to the X-chromosome and is caused by mutations in specific regions (so-called exons) of the gene that encodes dystrophin in the cell nucleus, which leads to reduced or absent expression of the dystrophin protein. Dystrophin, a crucial structural protein, links the muscle cells' cytoskeleton to the extracellular matrix to maintain muscle integrity, acts as a shock absorber and prevents muscle cell damage when muscle fibers contract and relax with use. Absence/malfunction of dystrophin results in inflammation, progressive muscle weakness, loss of muscle tissue, early illness and death due to cardio-respiratory failure. Patients are commonly unable to walk by their teenage years. Progressive respiratory muscle weakness leads to a need for mechanical ventilation to prolong the life of the patient into and beyond their twenties. Caused by progressive cardiomyopathy, heart function often becomes the main survival

**DMD is a lifelong neuromuscular disorder characterized by progressive loss of muscle strength and function.**

## Evolving landscape of DMD care – current and emerging treatment options

Currently, there is no cure and only limited treatment options. Since the first publication of considerations for the treatment of DMD, the approach to treating this severe neuromuscular disease has evolved considerably.

Corticosteroids embody the cornerstone of standard of care and have been shown to preserve muscle function and prolong mobility and survival. Novel therapeutic approaches are currently in clinical development, and physicians can expect new options for treating DMD to emerge, allowing them to customize and combine different therapies to meet individual needs, in addition to a basic corticosteroid treatment.

***Corticosteroids are effective anti-inflammatory agents and established care in DMD.*** They are prescribed in order to slow the decline in muscle strength and function caused by DMD regardless of the underlying genetic defect. Early initiation of corticosteroids has been shown to preserve muscle function and strength, delaying time to loss of functional milestones by 2-3 years. Steroid treatment is also associated with a reduction in all-cause mortality, and new onset and progressive cardiomyopathy. Whilst their efficacy is undisputed, their long-term use is hindered by their well-known side effects (e.g. weight gain, cushingoid features, behavioral problems, stunted growth and increased rate of bone fractures) that often result in down-titration to subtherapeutic doses to manage tolerability issues and eventually premature discontinuation of treatment. There is a high medical need for a treatment providing steroidal efficacy with a more benign tolerability and safety profile.

***Non-steroidal therapies target the genetic defect or address underlying inflammation.*** Exon skipping treatment approaches (available to certain patients) aim to restore functional dystrophin. They work by 'skipping' over the mutated exon (a specific segment of a gene) thereby enabling the production of a truncated partially functional dystrophin protein. As exon skippers are specific for certain mutations, they typically only work in smaller subpopulations of DMD-patients. Gene therapy approaches aim to deliver functional copies of a shortened dystrophin ('mini'- or 'micro-dystrophin') gene to the affected muscles. In clinical development programs, gene therapy is commonly evaluated in addition to a base therapy with glucocorticoids.

The most recent drug approval features a histone deacetylase (**HDAC**) inhibitor that intervenes in pathogenic processes to mitigate inflammation and muscle loss. The drug was evaluated in clinical trials in addition to a standard of care steroid regimen and marks the first approval of a nonsteroidal treatment for patients with all genetic variants of DMD.

***Better tolerated therapies are an urgent medical need, also in view of longer life expectancy.*** Children affected by DMD often live to adulthood and advances in patient survival have prompted a shift towards more proactive diagnostic and therapeutic strategies. Of particular note is the increased emphasis on improving the overall quality of life of DMD patients and the need to update care considerations, especially with regard to addressing the needs of patients with a longer life expectancy.

All approaches share one objective: slow the progression of muscle weakness, improve quality of life and prolong life expectancy for individuals with this devastating disease. It is the combination of these different mechanistic approaches that may lead to improved and/or synergistic treatment strategies, possibly also altering the current standard of care. Corticosteroids have long been a staple in the treatment of DMD and are expected to continue playing a vital role in combination therapies.

## Novel mode of action and dissociative properties of AGAMREE drive its differentiated clinical profile

AGAMREE is a steroidal anti-inflammatory drug with dissociative properties. Subtle but effective differences in its chemical structure and a novel mechanism of action distinguish AGAMREE from classic steroids and provide the rationale for its favorable benefit/risk profile. [1]


AGAMREE possesses a signature double bond which impacts receptor binding and alters enzyme and membrane interactions. It binds to the same receptor as corticosteroids (modifying its downstream activity) and is not a substrate for the 11-β-hydroxysteroid dehydrogenase (**11β-HSD**) enzymes that may be responsible for local tissue amplification and corticosteroid-associated toxicity in local tissues. This mode of action is thought to 'dissociate' efficacy from steroid-associated side effects and is believed to explain the sustained anti-inflammatory efficacy with fewer side effects as observed in clinical trials with AGAMREE. On this basis, AGAMREE is positioned as an alternative to existing corticosteroids, the current standard of care in children and adolescent patients with DMD.

## AGAMREE shows sustained steroid-like anti-inflammatory efficacy

AGAMREE was developed to provide an anti-inflammatory and muscle preserving treatment with a better tolerated safety and tolerability profile as an alternative to the current standard of care corticosteroids.

Overall, more than 200 patients have been treated to date with AGAMREE for up to 84 months across clinical studies and access programs. The comprehensive clinical development program comprised the pivotal Phase 2b VISION-DMD study and three open-label studies, including extension studies, in which AGAMREE was administered at doses ranging from 2 to 6 mg/kg/day. The VISION-DMD study comprised a (1) pivotal double-blind 24-week period to demonstrate efficacy and safety of AGAMREE (2 and 6 mg/kg/day) versus placebo and prednisone (0.75 mg/kg/day), followed by a (2) 24-week period where all participants received AGAMREE to evaluate the maintenance of efficacy and collect additional longer-term safety and tolerability data. 121 ambulant boys aged 4 to <7 years with DMD were included in the study.

The trial met its primary endpoint of superiority in change of time to stand from supine position (**TTSTAND**) velocity with AGAMREE 6 mg/kg/day versus placebo with a clinically and statistically (p=0.002) relevant treatment difference at 24 weeks of treatment (period 1)[2].

[1] Guglieri M Poster EP 524 WMS 2021. Heier CR, et al. EMBO Mol Med. 2013;5:1569-1585. Liu X, Proc Natl Acad Sci U S A. 2020 Sep 29;117(39)
[2] Dang UJ et al. (2024) Neurology 2024;102:e208112. doi.org/10.1212/WNL.0000000000208112. Liu X et al (2020). Proc Natl Acad Sci USA 117:24285-24293.

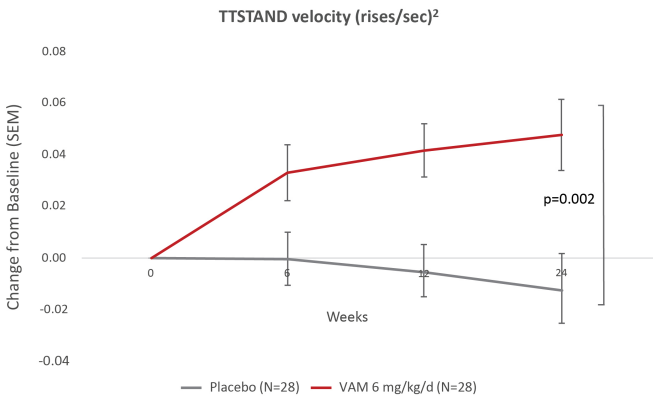
After six months of treatment, a difference of 0.06 rises/second was observed with AGAMREE 6 mg/kg/day compared to placebo. The observed difference corresponds to a 23% improvement in time to rise and is expected to delay the time to loss of ambulation by 2-3 years[3]. AGAMREE 6 mg/kg/day also met its secondary efficacy endpoints – including six-minute walk test (**6MWT**), time to run/walk 10 meters (**TTRW**) – and no statistically significant differences were observed between AGAMREE and prednisone.

Improvements of motor outcomes seen with 6 mg/kg/day of AGAMREE at 24 weeks of treatment were maintained to 48 weeks of treatment. In study participants starting on prednisone 0.75 mg/kg/day and switching to AGAMREE 6 mg/kg/day after 24 weeks, efficacy was maintained across all functional endpoints.

AGAMREE was generally safe and well tolerated in clinical trials. The most commonly reported side effects were cushingoid features, vomiting, weight increase and irritability. Side effects were generally of mild to moderate severity.

## Newer publication highlights promising findings on bone health alongside efficacy and safety data

The paper "*Efficacy and Safety of Vamorolone Over 48 Weeks in Boys with Duchenne Muscular Dystrophy*", the most recent and comprehensive publication of efficacy and safety data with AGAMREE, was published in the peer-reviewed journal Neurology in early 2024[4]. The publication reports the results of the 48-week treatment with AGAMREE in patients with DMD in the VISION-DMD study, supporting its long-term efficacy and safety profile and concluding that the medicinal product was generally well tolerated, consistent with the 24-week study findings, as published previously in JAMA Neurology [5].




The authors concluded that AGAMREE, a dissociative corticosteroid that selectively binds to the glucocorticoid receptor, displays similar efficacy and reduced safety concerns in comparison with prednisone in DMD as well as showing safety benefits in patients switching from standard of care corticosteroids in terms of recovery of bone health and growth. Specifically, there was significant improvement in linear growth after crossover in the prednisone to AGAMREE 6 mg/kg/day group, and rapid reversal of prednisone-induced decline in bone turnover biomarkers in both crossover groups.

[3] McDonald et al. PPDM Conf. 2021 Poster #16.
[4] Dang UJ et al. (2024) Neurology 2024;102:e208112. doi.org/10.1212/WNL.0000000000208112. Link.
[5] Guglieri M et al (2022). JAMA Neurol. 2022;79(10):1005-1014. doi:10.1001/jamaneurol.2022.2480. Link.

## Translating the clinical findings of AGAMREE into therapeutic value for medical practice

Although steroids have proven benefits in DMD, treatment is often started late, dosed too low or terminated prematurely due to poor tolerability of classical steroids. AGAMREE was generally well tolerated in clinical studies, and its potentially differentiated safety profile may allow treating physicians to initiate and maintain treatment with AGAMREE for longer than with current standard of care.

***Durable efficacy comparable to standard of care with AGAMREE***

AGAMREE at a dosage of 6 mg/kg/day has demonstrated a durable efficacy comparable to the standard of care. A statistically significant efficacy compared with placebo at 24 weeks was demonstrated with both 2 mg/kg/day and 6 mg/kg/day dosages. Notably, patients switching from prednisone to AGAMREE 6 mg/kg/day did not experience any loss of efficacy, while long-term efficacy of AGAMREE at this dose was found to be comparable with that of standard care corticosteroids at 48 weeks.

***Preserved bone health with AGAMREE, unlike deleterious effect of standard of care corticosteroids***

AGAMREE has been shown to preserve bone health, a notable improvement over the deleterious effects of growth stunting and suppression of biomarkers of bone turnover typically associated with standard corticosteroids. This is evidenced by normal bone turnover biomarkers and a mitigated risk of spinal fractures with long-term treatment when compared to corticosteroids. Furthermore, the height trajectory remained aligned with normal growth [6], unlike with standard corticosteroids.

***Improved safety profile compared to prednisone evident in the first 24 weeks***

The improved safety profile of AGAMREE compared to prednisone was evident within the first 24 weeks of treatment, with AGAMREE 2 mg/kg/day demonstrating placebo-like treatment emergent adverse events (**TEAEs**). Furthermore, AGAMREE at 6 mg/kg/day resulted in fewer and milder TEAEs compared to prednisone, notably with regard to behavioral problems.

***Ability to tailor dose regimen allows long-term treatment to be maintained***

The effective 3-fold dose range (2 to 6 mg/kg/day) with a dose-dependent safety profile allows for an individualized dose adjustment as needed to best manage tolerability and maintain treatment in the long-term.

## VBP-006 study completed in Q3 2024 highlighted benefits of AGAMREE across a wider age spectrum in DMD

The Phase 2 VBP-006 study (ClinicalTrials.gov ID: NCT05185622) to evaluate the PK, safety, tolerability and short-term efficacy of AGAMREE at 2 or 6 mg/kg/day in boys ages 2 to <4 years and 7 to <18 years was completed in Q3 2024. This study, as part of the pediatric investigation plan (PIP), supports the broadening of the product indication to include patients 2 years and older and confirms the current dosing recommendations across this broad age range.

In general, the study confirms the current dosing recommendation is suitable across this broader age range and that the safety and tolerability of vamorolone in the 2 to <4 and 7 to <18 year age groups was consistent with that seen in the pivotal study in 4 to <7 year olds.

[6] As compared with CDC normalized growth curves as a reference

There was a clinically relevant improvement in gross motor function as measured with the Bayley III score in children aged 2 to <4. In older boys (7 to <18) this study provides further information on how to manage patients switching from current standard of care corticosteroids to vamorolone.

## AGAMREE under evaluation in FDA-funded pilot study in Becker muscular dystrophy

Becker muscular dystrophy (**BMD**) is an inherited condition which results in the production of only partially functional dystrophin protein. An estimated 15,000 patients in the U.S. and Europe combined are affected by BMD, which occurs in about one in 25,000 births worldwide, predominantly male.

Both DMD and BMD share their root cause and stem from mutations in the dystrophin gene, albeit with varying degrees of severity. BMD typically presents later in life, has high clinical variability with patients of various ages and progresses more slowly than DMD. Individuals with BMD may experience symptoms such as muscle weakness, difficulty walking, and problems with mobility, but the severity of symptoms can vary widely among affected individuals. While there is currently no cure for BMD, management strategies focus on symptom relief, physical therapy, and supportive care to improve quality of life and maintain functional abilities for as long as possible.

AGAMREE's mechanism of action, which includes mitigating inflammation and enhancing muscle function, targets fundamental pathways involved in muscle degeneration, common to both DMD and BMD. Consequently, it can be stipulated that AGAMREE's therapeutic benefits observed in DMD patients may extend to those with BMD, offering promising prospects for improving outcomes in this patient cohort.

A Phase 2a clinical trial of AGAMREE in BMD commenced in August 2022 with the dosing of the first patient. This trial (ClinicalTrials.gov ID: NCT05166109) adopts a randomized, double-blind, placebo-controlled design to assess the safety, tolerability, pharmacokinetics, pharmacodynamics, and exploratory clinical efficacy of daily AGAMREE compared to placebo. Conducted over a 24-week treatment period, the study involves 39 male participants with BMD aged between 18 and under 65 years. Two-thirds of the participants will receive AGAMREE, while the remaining one-third will receive placebo. Results from this study are expected to be available by Q4 2025. Partner ReveraGen who is running the study secured a USD 1.2 million grant from the FDA to fund this trial.

## Supporting the benefit-risk profile: post-approval clinical program for AGAMREE

The post-approval clinical program, with enrollment commencing in the second half of 2024, is designed to further characterize the benefit-risk of AGAMREE by collecting long-term safety and efficacy data and by expanding the clinical experience into patients not included in the development program.

The **GUARDIAN** study is an open-label, observational study to further evaluate the long-term safety and effectiveness of AGAMREE. It offers patients who participated in the AGAMREE development program and continued treatment in the post-trial access programs outside of North America (expanded access programs and various compassionate use-based approaches) to participate in a clinical trial with the objective to actively collect high quality information on the safety and effectiveness of long-term use of AGAMREE.

In addition, data collection in a broader population in a real-world setting is under preparation.

OUR OPERATIONS

# Global Rollout Commences Bringing Life-enhancing Innovation to Patients

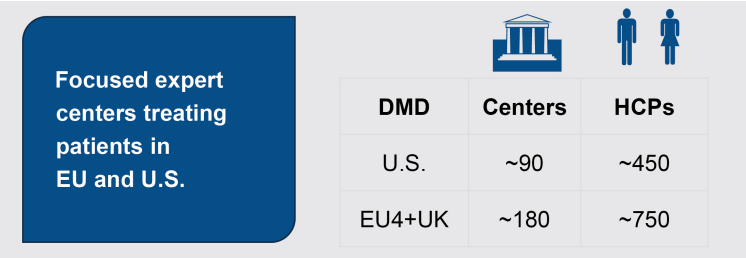
**During 2024 AGAMREE was launched in Germany, Austria and the US with further rollouts expected over the coming 12-18 months. Santhera's strategy is to self-market in core European countries leveraging a lean organizational structure with centralized support from its headquarters. For the key global markets, Santhera has to date established partnerships with Catalyst Pharmaceuticals, Inc. in North America and Sperogenix Therapeutics in China. Other markets will be serviced via distribution partners such as GENESIS where an agreement has been signed to cover non-core European markets.**

## DMD is a well-defined rare disease market that lends itself to a targeted approach

The established standard of care for Duchenne Muscular Dystrophy (DMD) primarily involves the use of corticosteroids. Extensive research has demonstrated their efficacy in reducing inflammation, preserving muscle strength, and delaying the progression of the disease. Therapy-limiting factors are damaging side effects of classical steroids, hence steroid treatment is often only initiated when motor function starts to decline and stopped when side effects become intolerable. AGAMREE has been designed and developed with the intention to overcome the shortcomings of current standard of care corticosteroid use.

Steroids can be prescribed independent of the genetic background of the disease and for all disease stages, either as monotherapy or in combination with other treatments including those targeting specific mutation subtypes or gene therapies. In contrast, exon-skipping drugs address only limited patient subpopulations and may potentially be used in combination with AGAMREE in DMD patients. AGAMREE has the potential to become a foundational therapy.

Generally, the market for the therapeutic approach to DMD has characteristics which align with Santhera's focused commercial approach. Patients are routinely diagnosed at an early age and are thus accessible. The DMD community benefits from a dedicated group of professionals and advocates who play critical roles in advancing understanding, treatment options, and support services for individuals affected by DMD and their families. There is a limited number of around 180 specialized centers with about 750 health care practitioners (HCPs) for DMD treatment in the four largest EU member states and the UK (~90 centers and ~450 HCPs in the U.S.) which allows for a focused commercialization approach. Patient advocacy groups in the DMD field are well organized, interconnected and influential.



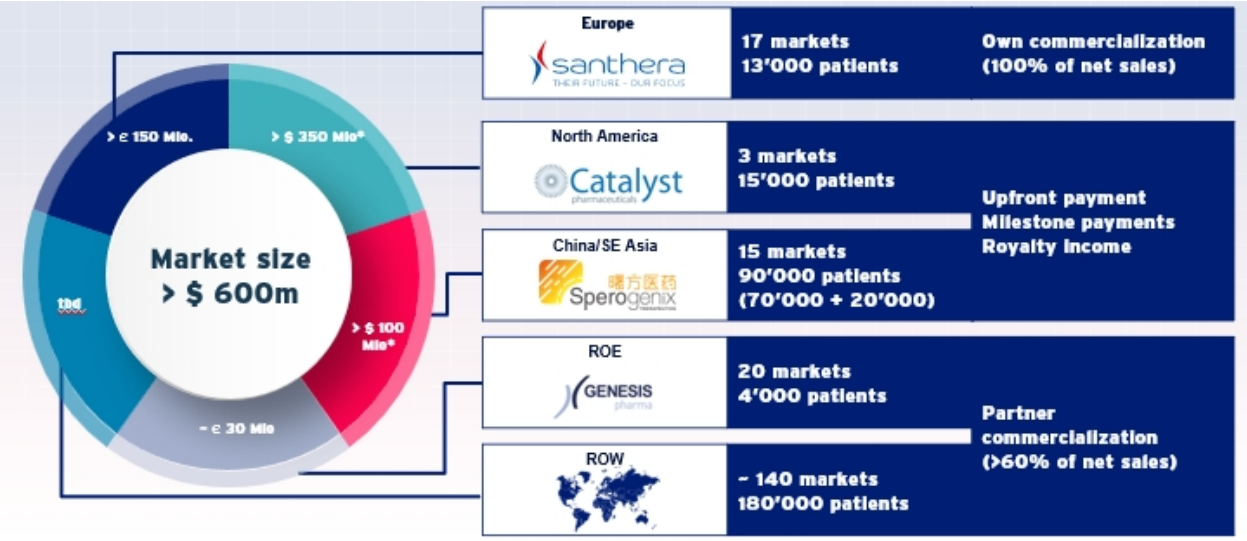
## Santhera collaborates with strong partners in the rare disease arena

Santhera holds global rights to AGAMREE in all indications. Licensing and distribution agreements are in place with various partners outside Santhera's European focus territories where the Company will market AGAMREE directly.

For North America and China, Santhera has partnerships in place with Catalyst Pharmaceuticals Inc. in North America and Sperogenix Therapeutics in China. These agreements cover the commercialization of AGAMREE in DMD as well as the development and distribution for other indications outside DMD. Other markets will be serviced via distribution partners such as GENESIS Pharma where an agreement has been signed to cover non-core European markets.

## Substantial DMD Market opportunity substantial

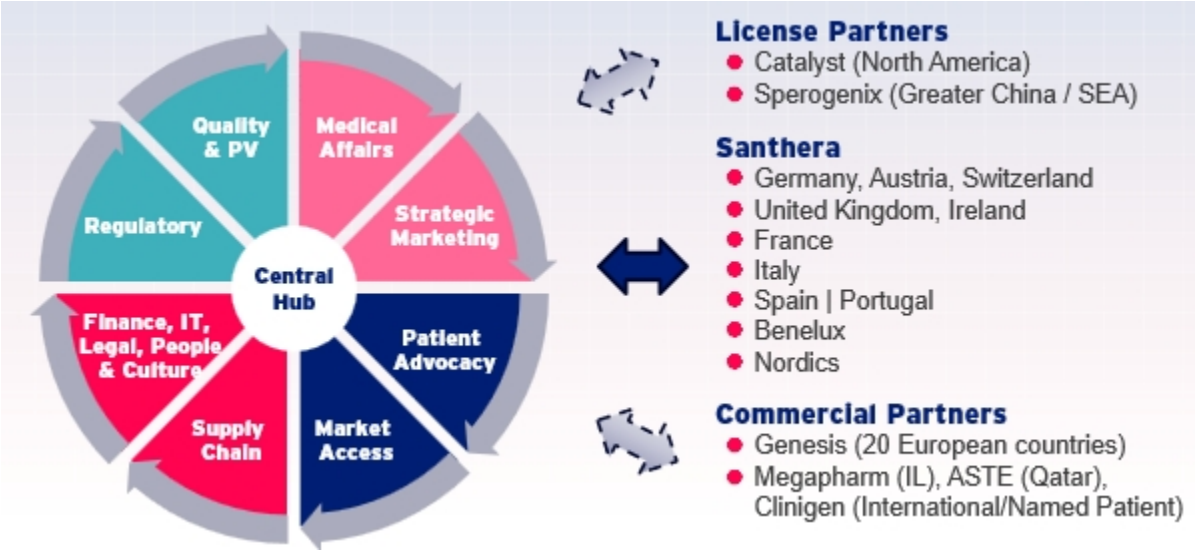
Santhera estimates that the global market size for DMD is in excess of USD 600 million, with the European market worth over EUR 150 million, the U.S. market worth greater than USD 350 million and the Chinese/Southeast Asian opportunity valued at over USD 100 million.




* Santhera Estimates

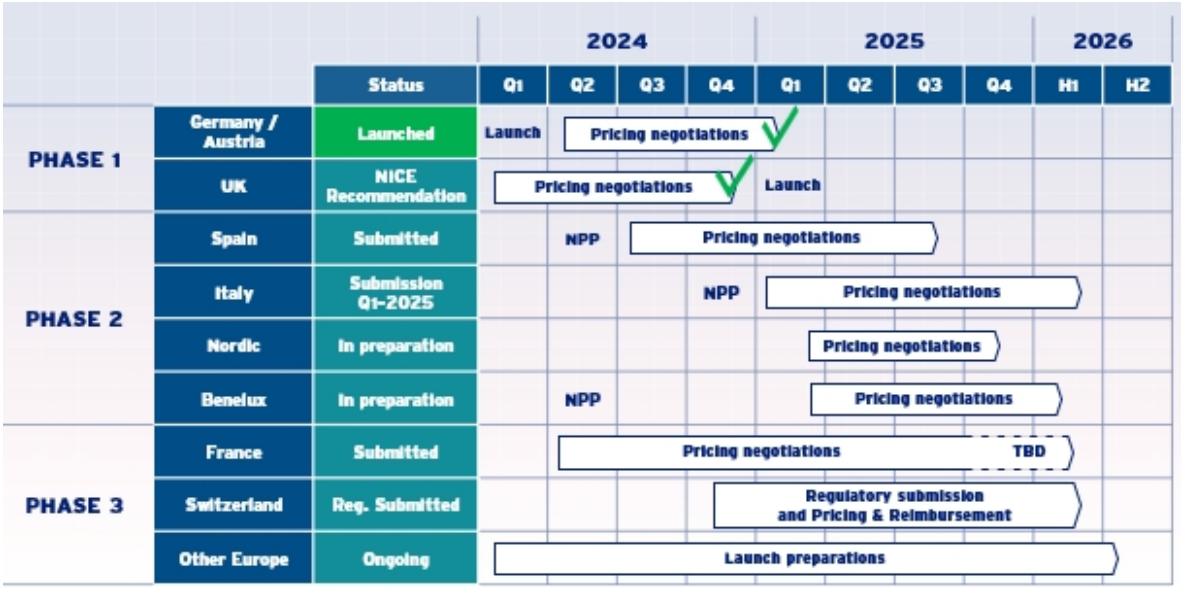
## Nimble commercial set-up support markets

A lean commercial organization has been established, where the headquarter functions work and support local country teams, licensing and commercialization partners. The establishment of the German operations occurred prior to the launch in January 2024, with the building up of operations in other key target countries underway. Activities surrounding market access, stakeholder and key opinion leader engagement are at an advanced stage or completed.




## Key European roll out progressing well, with additional major markets expected to be launched during 2025 and the first half of 2026

Following the launch in Q1 2024 in Germany and Austria, first sales in the UK were achieved in Q1 2025 with Spain expected to be the next country to launch AGAMREE. Within the next five years, the Company currently estimates to achieve annual sales in excess of EUR 150 million in Europe in DMD alone.



THIS IS US

# Our Vision, Our Promise, Our Values

**Santhera's employees jointly defined what they stand for – and expressed it in our Company values. Since then, these values have become an integral part of the Company culture, one that serves as a role model in everyday work life and is also an integral part of the employee performance assessments.**

**Our vision is to improve the lives of people with rare diseases, by delivering therapeutic options where none previously existed.**


Everything we do at Santhera, we do with **respect**. For the patients that inspire us with their courage, for the scientists at the cutting edge of therapeutic breakthroughs, for all our stakeholders in this important and rewarding enterprise, and for the partnerships with our colleagues.


**Passion** is the cornerstone of Santhera's aspirations to improve patients' lives. Our focus is on individuals with rare diseases – small groups of patients often overlooked by the wider pharmaceutical industry. We feel strongly that all patients deserve the best care, regardless of the prevalence of their condition.


The area of rare diseases presents many challenges, and our mission to improve the lives of patients with rare diseases requires great resolve and dedication. Only by ensuring our ongoing **commitment** will we be able to overcome the challenge of bringing new therapies to market.


A core pillar that gives the other values cohesion and depth. By fostering a strong team spirit at Santhera, and by combining our efforts with trusted external partners – from clinicians to scientists to patient organizations – we can achieve success through **collaboration**.


Where passion gives us drive, **accountability** gives us direction. Our results-driven approach to research, development and commerce with integrity at its heart, ensures we will deliver benefits to all our stakeholders, including effective solutions for the patients affected by rare and devastating diseases.

# Our Contribution to Society

Regardless, Santhera's vision inherently focuses on positive social impact through its research and development, which centers on patients affected by Duchenne muscular dystrophy (DMD). Furthermore, Santhera is committed to supporting the DMD community and others to promote a healthy society.

In 2024, Santhera continued its dedication to both the Duchenne community and youth development through the following initiatives:

- "Steps for Strength" Campaign: In 2024, Santhera launched the "Steps for Strength" campaign to raise internal awareness about Duchenne muscular dystrophy (DMD). The campaign resulted in a 20,000 CHF donation to the Duchenne Emergency Fund, which provides financial support to families and individuals impacted by Duchenne.

- Employee volunteering: As part of our commitment to the Duchenne community, we empower our employees to engage in volunteer work. This includes, for example supporting events organized by the Mathilde Escher Foundation in Zurich and Duchenne Schweiz. The Mathilde Escher Foundation is the only institution in Switzerland specializing in DMD. The foundation supports the social participation of individuals with severe physical disabilities, particularly those with DMD, by providing key resources. Duchenne Schweiz is an organization that collects pertinent data, participates in relevant committees, and raises funds to support the DMD community.

# Meet the Team

Santhera is led by an experienced team [7] with an extensive background in the pharmaceuticals and biotech industry, from small and large companies.

## Board of Directors


Thomas Meier, PhD, Chairman


Philipp Gutzwiller


Bradley C. Meyer


Otto Schwarz, PhD

## Executive Committee


Dario Eklund, CEO


Catherine Isted, CFO


Shabir Hasham, MD, Chief Medical Officer


Marc Schrader, Chief Technology Officer


Oliver Kronenberg, Chief Legal Officer


Geert Jan van Daal, MD, PhD, Chief Commercial Officer

## Extended Management Team

Sarah Holmes-Klotz, Head People & Culture
Neville Kodkani, MD, Head Global Marketing & Partner Management
Andreas Missy, Chief of Staff

[7] As of publication of the Annual Report 2024. Details on the profiles of the team members can be viewed in the Corporate Governance section in this Annual Report or by visiting http://www.santhera.com/about-overview

# Our People

Santhera employs 85 people, 83 of whom are permanent, representing 20 nationalities. Details regarding our diversity approach, including employee, management, Board of Directors demographics, are available in the Code of Conduct, Chapter II: Respecting Each Other. The following table illustrates gender diversity as at December 31, 2024.

| | Female | Male |
|---|---|---|
| **Number of total employees** | 54 | 31 |
| **Board Members** | 0 | 4 |
| **Executive Committee** | 0[1] | 6 |
| **Extended Management Team** | 2 | 2 |
| **Managers** | 11 | 14 |

[1] In February 2025, the company appointed Catherine Isted as Chief Financial Officer (CFO), reflecting Santhera's commitment to strengthening leadership diversity at the executive level.

# Our working conditions and workplace

Santhera is committed to fostering a supportive and sustainable work environment. In Switzerland, we exceed mandatory pension contributions, covering 60% while employees contribute 40%. We also provide 16 weeks of paid maternity leave, two weeks beyond the Swiss legal requirement, ensuring new mothers have valuable time for recovery and bonding.

To enhance operational efficiency and reduce our environmental impact, we embrace a flexible work model. In Switzerland, our headquarters in the Basel area offers employees the option to work remotely up to 50% of the time. Outside Switzerland, our teams operate fully remotely while frequently coming together across the region for collaboration. This approach maximizes flexibility, strengthens team engagement, and minimizes commuting-related emissions.

Our headquarters in Pratteln, outside Basel, is located in Ceres Tower, which holds the green property label (CS Asset Management). This certification assesses buildings based on ESG criteria, including infrastructure, CO2/energy efficiency, materials, life cycle, and use. By aligning with these sustainability standards, our office reinforces Santhera’s commitment to environmental responsibility.

# Financial Review

# Consolidated Financial Statements

## Contents

# Consolidated Balance Sheet

| *In CHF thousands* | Notes | December 31, 2024 | December 31, 2023 (restated) |
|---|---|---|---|
| **Assets** | | | |
| Tangible assets | 5 | 2,571 | 582 |
| Intangible assets | 6 | 68,946 | 73,966 |
| Financial assets long-term | | 245 | 424 |
| Noncurrent deferred loss on financial instruments | 13.4 | 4,913 | - |
| **Noncurrent assets** | | **76,675** | **74,972** |
| Current deferred loss on financial instruments | 13.4 | 3,103 | - |
| Prepaid expenses | | 373 | 321 |
| Inventories | 9 | 17,527 | 1,811 |
| Trade and other receivables | 10 | 13,885 | 2,155 |
| Cash and cash equivalents | 11 | 40,925 | 30,370 |
| **Current assets** | | **75,813** | **34,657** |
| **Total assets** | | **152,488** | **109,629** |
| **Equity and liabilities** | | | |
| Share capital | 12 | 1,343 | 1,262 |
| Capital reserves and share premium | | 644,410 | 630,516 |
| Accumulated losses | | (614,693) | (572,719) |
| Employee benefit reserve | | (3,025) | 1,018 |
| Treasury shares | 12 | (65) | (131) |
| Translation differences | | (272) | (3) |
| **Total equity** | | **27,698** | **59,943** |
| Noncurrent term loans | 13.3 | 31,729 | - |
| Noncurrent royalty purchase agreements | 13.4 | 33,165 | - |
| Noncurrent derivative financial instruments | 13 | 2,216 | - |
| Noncurrent lease liabilities | 15 | 1,940 | 35 |
| Noncurrent contract liabilities | 22.1 | 1,925 | - |
| Pension liabilities | 26.2 | 7,672 | 3,858 |
| **Noncurrent liabilities** | | **78,647** | **3,893** |
| Trade and other payables | 17 | 9,224 | 5,616 |
| Accrued expenses | 18 | 19,345 | 9,572 |
| Income tax payable | | 144 | 182 |
| Current royalty purchase agreements | 13.4 | 3,810 | - |
| Current lease liabilities | 15 | 553 | 571 |
| Current convertible bonds | 13.2 | 6,398 | 20,943 |
| Current contract liabilities | 22.1 | 56 | - |
| Current derivative financial instruments | 13 | 2,323 | 5,255 |
| Current warrant financial instruments | 2.2, 13 | 4,290 | 3,513 |
| Current provisions | 19 | - | 141 |
| **Current liabilities** | | **46,143** | **45,793** |
| **Total liabilities** | | **124,790** | **49,686** |
| **Total equity and liabilities** | | **152,488** | **109,629** |

# Consolidated Income Statement

| *In CHF thousands (except per share data)* | Notes | Year ended December 31, 2024 | 2023 |
|---|---|---|---|
| Net sales | 22.1 | 14,970 | 792 |
| Revenue from outlicensing transactions | 23 | 16,924 | 99,923 |
| Net sales to licensing partner | 22.1 | 7,223 | 2,699 |
| **Revenue from contracts with customers** | | **39,117** | **103,414** |
| Cost of sales | 24 | (15,534) | (3,235) |
| *Of which amortization intangible assets* | 24 | *(4,977)* | *(2,405)* |
| *Of which royalties and milestones payable* | 24 | *(3,522)* | - |
| Other operating income | | 232 | 664 |
| Development | 25 | (26,468) | (18,674) |
| Marketing and sales | 25 | (11,016) | (9,782) |
| General and administrative | 25 | (19,482) | (21,184) |
| Other operating expenses | 25 | - | (42) |
| Net gain on entity liquidation | | 41 | - |
| Net gain on sale of idebenone business | | - | 17,683 |
| **Operating expenses** | | **(56,925)** | **(31,999)** |
| **Operating result** | | **(33,110)** | **68,844** |
| Financial income | 27.1 | 11,617 | 19,351 |
| Financial expenses | 27.2 | (20,169) | (33,375) |
| **Result before taxes** | | **(41,662)** | **54,820** |
| Income taxes | 28 | (312) | (38) |
| **Net result** | | **(41,974)** | **54,782** |
| Basic net result per share (in CHF) | 29 | (3.69) | 5.18 |
| Diluted net result per share (in CHF) | 29 | (3.69) | 5.01 |

# Consolidated Statement of Comprehensive Income

| *In CHF thousands* | Notes | Year ended December 31, 2024 | 2023 |
|---|---|---|---|
| **Net result** | | **(41,974)** | **54,782** |
| *Items that will not be reclassified to profit or loss in subsequent periods:* | | | |
| Actuarial gains/(losses) on defined benefit pension plans | 26.2 | (4,043) | (1,704) |
| *Items that may be reclassified to profit or loss in subsequent periods:* | | | |
| Foreign currency translation differences | | (228) | 679 |
| Reclassification adjustment for foreign currency translation reserve | | (41) | - |
| **Other comprehensive result** | | **(4,312)** | **(1,025)** |
| **Total comprehensive result** | | **(46,286)** | **53,757** |

# Consolidated Statement of Cash Flows

| *In CHF thousands* | Notes | Year ended December 31, 2024 | 2023 |
|---|---|---|---|
| **Result before taxes** | | **(41,662)** | **54,820** |
| Depreciation and impairment of tangible assets | 5 | 626 | 603 |
| Amortization and impairment of intangible assets | 6 | 5,020 | 2,441 |
| Share-based compensation | 21 | 3,973 | 5,990 |
| Change in fair value of financial instruments, net | | 3,581 | (7,609) |
| Loss on modification of convertible bonds | | 17 | 254 |
| Change in pension liabilities | | (229) | 310 |
| Reversal of current provisions | 19 | (151) | (243) |
| Gain on sale of idebenone business | 16 | - | (17,683) |
| Income taxes paid | | (11) | (366) |
| Change in contract liabilities | | 1,981 | - |
| Change in net working capital | | (14,342) | (5,278) |
| Financial result net of change in fair value of financial instruments | | 7,344 | 21,279 |
| Interest received | | 929 | 506 |
| Interest paid | | (2,603) | (7,753) |
| **Net cash flow from/(used in) operating activities** | | **(35,527)** | **47,271** |
| Investments in tangible assets | 5 | (151) | (90) |
| Investments in intangible assets | 6 | - | (23,653) |
| Change in financial assets long-term | | 90 | 20 |
| Proceeds from sale of financial assets | | - | 5,679 |
| **Net cash flow from/(used in) investing activities** | | **(61)** | **(18,044)** |
| Proceeds from shares sold through private placements | 12.1 | - | 15,657 |
| Proceeds from sale of treasury shares | | - | 474 |
| Proceeds from exercise of equity rights | | 101 | 29 |
| Proceeds from exercise of warrants financial instruments | | 958 | 2,660 |
| Proceeds from terms loans | 13.3 | 34,300 | - |
| Proceeds from royalty purchase agreements | 13.4 | 25,632 | - |
| Proceeds from exchangeable notes | 13.1 | - | 7,500 |
| Repayment of exchangeable notes | 13.1 | - | (25,475) |
| Repayment of convertible bonds | 13.2 | (13,547) | - |
| Repayments of royalty purchase liability | 13.4 | (462) | - |
| Financing transaction costs | | (325) | (102) |
| Cost of issuance of capital | | - | (202) |
| Payment of lease liabilities | | (579) | (712) |
| **Net cash flow from/(used in) financing activities** | | **46,078** | **(171)** |
| Effects of exchange rate changes on cash and cash equivalents | | 65 | (39) |
| **Net increase/(decrease) in cash and cash equivalents** | | **10,555** | **29,017** |
| Cash and cash equivalents at January 1 | | 30,370 | 1,353 |
| **Cash and cash equivalents at December 31** | | **40,925** | **30,370** |

# Consolidated Statement of Changes in Equity

| *In CHF thousands* | Notes | Share capital | Capital reserves and share premium | Accumulated losses | Employee benefit reserve | Treasury shares | Translation differences | Total |
|---|---|---|---|---|---|---|---|---|
| Balance, January 1, 2023 | | 753 | 581,116 | (627,501) | 2,722 | (94) | (682) | **(43,686)** |
| Net result | | - | - | 54,782 | - | - | - | **54,782** |
| Other comprehensive result | | - | - | - | (1,704) | - | 679 | **(1,025)** |
| **Total comprehensive result** | | **-** | **-** | **54,782** | **(1,704)** | **-** | **679** | **53,757** |
| Share-based compensation | 21 | - | 5,423 | - | - | - | - | **5,423** |
| Shares issued | | 492 | - | - | - | (492) | - | **-** |
| Shares sold through private placements | 12 | - | 15,486 | - | - | 171 | - | **15,657** |
| Delivery of shares on conversion of exchangeable notes into Shares | 13.1 | - | 14,044 | - | - | 148 | - | **14,192** |
| Delivery of shares on conversion of convertible bonds into shares | 13.2 | - | 1,861 | - | - | 20 | - | **1,881** |
| Delivery of shares on settlement of convertible bonds interest expense | 13.2 | 11 | 975 | - | - | 3 | - | **989** |
| Delivery of shares for financing transactions | | - | 4,960 | - | - | 55 | - | **5,015** |
| Delivery of shares for exercises of share-based compensation | | 6 | 567 | - | - | - | - | **573** |
| Delivery of Shares for exercise of warrants financial instruments | 13.5 | - | 6,152 | - | - | 53 | - | **6,205** |
| Sale of treasury shares | | - | 469 | - | - | 5 | - | **474** |
| Cost of issuance of capital | | - | (532) | - | - | - | - | **(532)** |
| Adjustment for reverse share split | | - | (5) | - | - | - | - | **(5)** |
| **Balance, December 31, 2023** | | **1,262** | **630,516** | **(572,719)** | **1,018** | **(131)** | **(3)** | **59,943** |
| Balance, January 1, 2024 | | 1,262 | 630,516 | (572,719) | 1,018 | (131) | (3) | 59,943 |
| Net result | | | | (41,974) | | | | (41,974) |
| Other comprehensive result | | | | | (4,043) | | (269) | (4,312) |
| **Total comprehensive result** | | **-** | **-** | **(41,974)** | **(4,043)** | **-** | **(269)** | **(46,286)** |
| Share-based compensation | 21 | - | 3,973 | - | - | - | - | **3,973** |
| Settlement of bonuses in shares | | - | 768 | - | - | 8 | - | **776** |
| Shares issued | 12 | 80 | - | - | - | (80) | - | **-** |
| Delivery of shares on conversion of convertible bonds into shares | 13.2 | - | 7,177 | - | - | 82 | - | **7,259** |
| Delivery of shares for exercises of share-based compensation | | 1 | 100 | - | - | 37 | - | **138** |
| Delivery of Shares for exercise of warrants financial instruments | 13.5 | - | 1,949 | - | - | 19 | - | **1,968** |
| Cost of issuance of capital | | - | (73) | - | - | - | - | **(73)** |
| **Balance, December 31, 2024** | | **1,343** | **644,410** | **(614,693)** | **(3,025)** | **(65)** | **(272)** | **27,698** |

# Notes to the Consolidated Financial Statements

## 1. General Information

Santhera Pharmaceuticals Holding AG (the **Company**, together with its subsidiaries **Santhera** or **Group**) is a Swiss specialty pharmaceutical company focused on the development and commercialization of products for the treatment of neuromuscular diseases, areas which include many orphan and niche indications with high unmet medical need.

The Company, having the listing of its registered shares (**Shares**) on the SIX Swiss Exchange (**SIX**), is a Swiss stock corporation and the parent company of the Group. Its purpose is to acquire, dispose and manage investments. The Company has its registered offices at Hohenrainstrasse 24 in 4133 Pratteln, Switzerland.

The consolidated financial statements were authorized for issue by the Board of Directors (**Board**) on April 28, 2025. They are subject to approval by the Annual General Meeting of Shareholders (**AGM**) on May 20, 2025.

## 2. Accounting Policies

### *2.1 Basis of presentation*

The Group's consolidated financial statements are prepared in accordance with IFRS Accounting Standards. Except as described in 2.2 below, the accounting policies applied in these consolidated financial statements are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2023.

The presentation currency is Swiss francs (**CHF**). Amounts shown are rounded to the nearest CHF 1,000 unless otherwise indicated. Certain reclassifications have been made to prior years' amounts or balances in order to conform to the current year presentation.

The preparation of consolidated financial statements requires management to make estimates and assumptions, which have an effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and on the reported amounts of revenues and expenses during the reporting period. These estimates are based on historical experience and management's knowledge of current events and actions the Group may undertake in the future, however, actual results ultimately may differ from those estimates.

### *2.2 Changes in accounting policies*

Effective 1 January 2024, the Group adopted the amendments to IAS 1 Presentation of Financial Statements, which clarify that the classification of liabilities as current or non-current must be based on rights in existence at the end of the reporting period and include clarifications around the meaning of settlement by way of own equity instruments. Specifically, liabilities must be classified as current when an entity does not have a right to defer settlement for at least twelve months after the reporting period.

As a result of this change, the Group reassessed the classification of its warrant liabilities. Historically, these were presented as non-current liabilities. However, as the terms of the warrants include provisions that allow holders to exercise at any time, and hence require the Group to settle the obligations by delivering own equity instruments for these instruments classified as financial liabilities, the warrants have been reclassified to current liabilities.

The amendments were applied retrospectively. The following table summarizes the impact of the reclassification on the comparative period:

| **Balance Sheet Line Item**<br>*in CHF thousands* | **December 31, 2023 (As Previously Reported)** | **Adjustment** | **December 31, 2023 (Restated)** |
|---|---|---|---|
| Noncurrent warrant financial instruments | 1,478 | (1,478) | - |
| **Noncurrent liabilities** | **5,371** | **(1,478)** | **3,893** |
| Current warrant financial instruments | 2,035 | 1,478 | 3,513 |
| **Current liabilities** | **44,315** | **1,478** | **45,793** |

There was no impact on total liabilities, equity, net income, or cash flows as a result of this reclassification.

There were no other IFRS Accounting Standards that required adoption by the Group. Amendments to existing standards, or interpretations that became effective in 2024 did not have a material impact on the Group's consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. It is not expected that such will have a material impact on the consolidated financial statements on adoption, with the possible exception of IFRS 18 Presentation of financial statements, which will becoming effective on January 1, 2027.

***2.3 Material uncertainties and ability to continue operations***

The consolidated financial statements have been prepared under the going concern basis, which assumes that the Group will continue to operate for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

During 2024, the Group secured additional funding totalling CHF 69 million, comprising a CHF 35 million term loan with no repayments due until 2027 and a royalty purchase arrangement. As of December 31, 2024, there was cash and cash equivalents on hand of CHF 41 million. Management's forecasts indicate that this funding, combined with projected revenue growth, provides sufficient liquidity to support operations through to the anticipated break-even point in mid-2026.

Management has assessed the Group's ability to continue as a going concern in a number of scenarios and believes that there are some plausible downside risks due to unplanned events that may cast doubt upon the Group's ability to continue as a going concern if they were to transpire.

These downside risks include:

- If the CHF 7 million convertible bond which is due to mature in 2025, were not converted due to either a significant drop in share price or at the will of the bondholder.
- Sales growth in existing markets and growth expected in new markets for AGAMREE was significantly below current expectations.
- Pricing and launch timings in new markets was significantly below or later than currently expected.

If several of the downside risk scenarios described above were to occur and the Group was unable to secure additional revenues or external financing, it has been assessed that it would not be able to generate sufficient cash flows to support its current level of activities in the period of assessment. The above situation therefore gives rise to a material uncertainly, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

In arriving at the overall assessment the Directors have taken in account the following:

- The Group has launched its product in Germany and Austria, with approximately 350 patients on treatment as of the end of 2024.
- Expansion into additional markets, including the UK, Spain, Italy, and the Nordics, is planned for 2025, with patient numbers forecasted to grow to significantly by the end of 2025.
- While reimbursement pricing in new markets remains to be finalized, management believes its pricing assumptions are conservative and achievable.
- The CHF 7 million convertible bond is currently trading 40% above the conversion share price.

As part of the assessment, the Directors have considered the financial projections of the Group together with other relevant market conditions generally and those specifically affecting the pharmaceutical industry. Based on these considerations, the Directors have a reasonable expectation that the Group has adequate financial and other resources to continue in operational existence and will be able to meet its liabilities due over the going concern assessment period and support operations to expected cash break-even in mid 2026. For this reason the Directors consider it appropriate to apply the going concern basis in preparing the financial statements.

***2.4 Consolidation***

Subsidiaries in which the Company has a direct or indirect controlling interest are consolidated. Control exists when the investor is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. Control is normally evidenced when the Company owns, either directly or indirectly, more than 50% of the voting rights or potential voting rights of a company's share capital that are currently exercisable.

The consolidated financial statements of Santhera include the accounts of Santhera Pharmaceuticals Holding AG, Pratteln, Switzerland, and its wholly owned subsidiaries Santhera Pharmaceuticals (Schweiz) AG, Pratteln, Switzerland; and Santhera Pharmaceuticals (Deutschland) GmbH, Lörrach, Germany. In 2024, Santhera Pharmaceuticals (USA), Inc., Burlington, US; and Santhera Pharmaceuticals (Canada), Inc., Montreal, Canada were liquidated. The accounts further include the wholly owned subsidiaries of Santhera Pharmaceuticals (Schweiz) AG: Santhera Pharmaceuticals (Liechtenstein) AG, Ruggell, Fürstentum Liechtenstein; Santhera (Italy) S.r.l. (in liquidation, expected to be dissolved during 2025), Milano, Italy; Santhera (Germany) GmbH, München, Germany; Santhera (Netherlands) B.V., Nieuwegein, The Netherlands; Santhera (UK) Limited, London, United Kingdom; and Santhera Pharmaceuticals (Spain), S.L.U, Bilbao, Spain.

Consolidation commences from the date on which control is transferred to the Company, and subsidiaries are no longer consolidated from the date that control ceases. Intercompany balances and transactions between Group companies are eliminated. Intercompany transactions solely result from providing services, financing and selling goods to other Group companies.

***2.5 Segment reporting***

Santhera has one operating segment, namely the development and commercialization of products for the treatment of neuromuscular diseases. The Board, the Executive Management and Extended Management Team (including the Head of Development, Global Head People & Culture, Head Global Marketing & Partner Management, and EVP Corporate Planning & Business Development), being the Chief Operating Decision Makers (**CODM**), assess the reporting data and allocate resources as one segment on a consolidated level according to operating expenses by function. Santhera generates revenue from product sales, outlicensing transactions and product sales to licensing partners. Geographic revenue information is based on location of the customer or licensee.

***2.6 Foreign currency translations***

The consolidated financial statements are presented in CHF. The functional currency of each of Santhera's companies is the currency of the primary economic environment in which the local entity operates. Transactions in foreign currencies are accounted for at the rates prevailing at the dates of the transaction. Translation differences from financial transactions are included in the consolidated financial result.

Gains and losses resulting from the translation of foreign currency transactions and from the adjustment of foreign currency monetary assets and liabilities at the reporting date are recognized in the consolidated income statement.

Assets and liabilities of foreign entities are translated into CHF using the balance sheet exchange rates at year-end. Income and expenses are translated into CHF at average exchange rates. The exchange differences arising on the retranslation are accounted for in the consolidated statements of comprehensive income/equity.

***2.7 Tangible assets***

Tangible assets are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset or the shorter lease term, as follows:

| | **Useful life** |
|---|---|
| Equipment | 4 to 10 years |
| IT hardware | 2 to 5 years |
| Right-of-use assets (leased assets that meet criteria for capitalization) | 2 to 6 years |
| Leasehold improvements | 2 to 10 years |

***2.8 Intangible assets***

Patents, licenses, sublicenses, trademarks and other intangible assets are capitalized as intangible assets when it is probable that future economic benefits will be generated. Such assets are in general amortized on a straight-line basis over their useful lives. Estimated useful life is the lower of legal duration or economic useful life. The estimated useful life of the intangible assets is regularly reviewed and if necessary, the future amortization charge is accelerated. For pharmaceutical products, the estimated useful life normally corresponds to period of exclusivity, the remaining lifetime of the patent or orphan drug protection (up to 20 years).

Inlicensing agreements or similar arrangements which require milestone payments dependent on the achievement of agreed objectives or performance targets as defined in the contracts are recognized as part of the cost of intangible assets when they become probable.

***2.9 Software***

Acquired software licenses are for internal use and are capitalized as intangible assets on the basis of the costs incurred to acquire and implement the specific software. Capitalized costs are amortized on a straight-line basis over their estimated useful lives (2 to 5 years).

***2.10 Impairment of tangible assets, right-of-use assets, and intangible assets***

Tangible assets, right-of-use assets, and intangible assets available for use with a finite useful life are evaluated for potential impairment whenever facts and circumstances indicate that the asset's carrying value may not be recoverable. In addition, intangible assets that are not yet available for use and not yet amortized, are reviewed for impairment annually, or when facts and circumstances warrant.

If the carrying value of the asset exceeds the recoverable value, which is calculated using a discounted cash flow model, then an impairment loss equal to the difference is recognized in the consolidated income statement. The use of discounted cash flow models requires significant judgment and estimates, which are inherently uncertain and thus, actual results may differ from those estimates. Sensitivity analyses are performed around certain of these assumptions in order to assess the reasonableness of the assumptions and the resulting estimated recoverable values.

***2.11 Trade and other receivables***

Receivables, which generally have 30 to 60 days payment terms are stated at their nominal value less an allowance for any uncollectible amount based on expected credit losses. Credit risk arises from the possibility that counterparties to transactions may default on their obligations causing financial losses for the Group. Receivables are written off (either partly or in full) when there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activities to attempt to recover the receivable due.

***2.12 Inventories***

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the First in First out (FIFO) method and includes all costs of purchase, conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, provisions are made for obsolete, slow-moving, or defective inventories based on management's assessment of their condition and anticipated future sales.

***2.13 Financial assets***

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the transaction date. Generally, Santhera classifies its financial assets in the following two categories:

*Financial assets at fair value through profit or loss*

This category includes instruments held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the reporting date. Valuation is at fair value through profit or loss. Realized and unrealized gains and losses arising from changes in the fair value are included in the consolidated income statement in the period in which they arise.

*Financial assets measured at amortized cost*

These are financial assets held to collect contractual cash flows representing principal and interest only. With the exception of trade receivables, which are initially measured at fair value plus transaction costs. Trade receivables are measured at the transaction price established. Subsequent to initial recognition these financial assets are measured at amortized cost using the effective interest rate and are subject to impairment using the expected credit loss model.

***2.14 Interest income***

Interest income is recognized on a pro rata temporis basis using the effective interest method.

***2.15 Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments.

*Lease liabilities*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accumulation of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there

is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (below CHF 5 thousand). Lease payments on short-term leases and leases of low-value assets are recognized as expense over the lease term.

***2.16 Cash and cash equivalents***

Cash and cash equivalents include cash on hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

***2.17 Share capital***

Common shares are classified as equity. Incremental costs directly attributable to the issue of new common shares or options are shown in equity in the capital reserves and share premium as a deduction, net of tax, from the proceeds.

***2.18 Treasury shares***

Treasury shares are purchased at cost and recognized as a deduction from equity. Gains or losses from subsequent sales are presented in equity.

***2.19 Financial liabilities***

*Financial liabilities at fair value through profit or loss*

This category primarily includes derivatives with negative replacement values. They are initially recognized at their fair value. Any subsequent change in fair value is recognized in the consolidated income statement in the period the changes occur.

In the case of the royalty purchase agreement, the liability represents the Group's obligation to deliver future cash flows based on royalty income streams. This financial liability does not meet the criteria for amortized cost classification under IFRS 9 and is therefore designated at fair value through profit or loss. Fair value movements arise due to changes in expectations of future royalty payments, discount rates, and other market-related factors, and are recognized entirely in the consolidated income statement.

Derivatives may be embedded in other contractual arrangements. The Company accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9 *Financial Instruments*
- the host contract is not itself carried at fair value through profit or loss
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host

Separated embedded derivatives and other financial liabilities held at fair value through profit or loss are initially and subsequently measured at fair value, with all changes in fair value recognized in profit or loss.

*Other financial liabilities measured at amortized cost*

This category principally covers debt instruments and trade and other payables. The debt instruments held at amortized cost are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method. Any difference between the net proceeds received and the principal value due on redemption is amortized over the duration of the debt instrument and is recognized as part of interest expense in the consolidated income statement.

***2.20 Income taxes***

The income tax charge is based on profit for the year and includes deferred taxes. Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on enacted or substantially enacted tax rates as of the balance sheet date.

The amount of deferred tax liabilities and deferred tax assets reflects the tax consequences on the balance sheet date of the Company's expectation of recovery or settlement of such carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not discounted and are classified as noncurrent assets (or liabilities) in the consolidated balance sheet. They are offset against each other if they relate to the same taxable entity and tax authority.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each balance sheet date, Santhera reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. Santhera recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilized. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

***2.21 Earnings/(loss) per share***

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of ordinary shares of the Company by the weighted average number of shares outstanding during the reporting period. For diluted earnings per share, the weighted average number of shares outstanding during the reporting period is increased by the assumed conversion of other potentially dilutive securities during the period.

***2.22 Employee benefits***

*Post-retirement benefits*

Santhera operates both defined benefit and defined contribution pension schemes.

*Defined benefit scheme*

Santhera's pension plan in Switzerland is classified as a defined benefit plan. Payments under this scheme are made directly to the pension fund for the account of each insured person. Typically, on retirement, an employee will receive an amount of the accumulated defined benefit obligation depending on several factors such as the total individual amount paid in, age and implied life expectancy. The compensation will be in the form of a lifelong pension or a lump sum payment. The scheme also covers disability as a consequence of illness and death-in-service.

The liability recognized in the consolidated balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the consolidated balance sheet date less the fair value of plan assets, adjusted for the effects of the asset ceiling, when relevant.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

*Defined contribution scheme*

Defined contribution schemes are also funded through direct payments for the account of each insured person. Upon retirement, an employee will receive an amount of the accumulated contributions in the form of a lifelong pension or a lump sum payment. No further obligations arise from these schemes other than the fixed periodic contributions to the plan.

*Share-based compensation*

Santhera has established various equity settled plans to align the long-term interests of the members of the Board, the Executive Management, employees and selected consultants who are eligible to participate. The fair value of instruments granted is determined at the grant date and recognized as personnel expense over the period Santhera receives services for each award. Where awards are modified as a minimum, the expenses are recognized as if no terms had been modified; modifications which increase the fair value of options are expensed additionally. Unless determined otherwise by the Board, terminations of employment by the employer are treated as forfeiture and any previously accumulated share-based payment expenses for unvested awards are reversed.

### *2.23 Provisions*

Provisions are recognized when Santhera has a present obligation (legal or constructive) as a result of a past event, where it is more probable than not that an outflow of resources will be required to fulfill the obligation and where a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future outflows.

### *2.24 Revenue recognition*

Revenue from contracts with customers is recognized at an amount that reflects the consideration to which Santhera expects to be entitled in exchange for transferring goods or services to a customer.

Net sales from the sale of products are recognized at the point in time when the customer obtains control of those products which is generally upon delivery to the customer. Revenue is net of value-added tax, rebates, discounts, returns and after eliminating intercompany sales.

Where revenue arrangements include variable consideration, such as reimbursement prices achieved in market, these amounts are not included in the estimated transaction price unless it is highly probable that a significant reversal of the cumulative revenues recognized will not occur in future periods once the uncertainty related to the variable consideration is resolved. Payment terms usually range between 30 and 60 days for the sale of goods.

*Revenue from outlicensing, including revenue from royalties*

Outlicensing agreements are concluded, where the counterparty has to pay license fees which are usually in the form of upfront and milestone payments as well as royalty payments. Santhera determines its performance obligations under such arrangements and in case of multiple deliverables, allocates the transaction price to each distinct performance obligation on a relative stand-alone selling price basis. Typically, these arrangements include obligations such as maintenance of patents, research and development support and services, memberships in joint steering committees and other involvement in the arrangement, in which case the upfront and milestone payments may represent advance payments for future services and/or the right to access the underlying intellectual property of the Group. Revenue from such agreements is recognized upon transfer of control of the license or services rendered in line with agreement obligations.

Sales-based or usage-based royalties received in exchange for licenses of intellectual property are recognized as revenue at the later of when: (1) the subsequent sale or usage occurs; or (2) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied (in whole or in part) where the license is the only or predominant item to which the royalty relates.

***2.25 Development expenses***

Development expenses are charged to the consolidated income statement as incurred. Inlicensing costs are capitalized as intangible assets when it is probable that future economic benefits will flow to Santhera. Capitalized inlicensing costs are amortized on a straight-line basis over the period of the expected benefit when the asset becomes available for use and are reviewed for impairment indicators at each balance sheet date.

## 3. Critical Accounting Estimates, Assumptions and Judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Santhera's accounting policies and in developing estimates and assumptions concerning the future. The resulting accounting will not necessarily equal the related actual outcome. The following areas involve assumptions and estimates that can have a significant impact on the consolidated financial statements:

- Assessment of the Group's ability to continue as a going concern;
- Revenue recognition and related accruals, which is derived primarily from licensing fees, achievement of specified milestones and research services;

- Valuation of financial instruments measured at fair value through profit or loss;
- Defined benefit pension schemes actuarial valuations where various assumptions on discount rates, salary increase rates and mortality rates, etc. bear significant uncertainties due to the long-term nature of the plans.

## 4. Principal Currencies Translation Rates

The following table sets forth the foreign currency exchange rates of the CHF against key currency used for foreign currency translation when preparing the Group's consolidated financial statements.

| | Average rates for year ended | | Year-end rates | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| 1 Euro (**EUR**) | 0.9525 | 0.9717 | 0.9419 | 0.9281 |
| 1 US dollar (**USD**) | 0.8804 | 0.8985 | 0.9038 | 0.8401 |
| 1 British pound (**GBP**) | 1.1251 | 1.1169 | 1.1350 | 1.0672 |
| 1 Canadian dollar (**CAD**) | 0.6429 | 0.6658 | 0.6290 | 0.6339 |

## 5. Tangible Assets

### *5.1 Movements in carrying value of tangible assets*

| *In CHF thousands* | Right-of-use assets vehicles | Right-of-use assets offices | Equipment | IT hardware | Leasehold improvements | **Total 2024** |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance, January 1 | 88 | 3,874 | 568 | 782 | 1,480 | **6,792** |
| Additions | - | 2,465 | 35 | 116 | - | **2,616** |
| Disposals | - | - | - | (38) | - | **(38)** |
| **Balance, December 31** | **88** | **6,339** | **603** | **860** | **1,480** | **9,370** |
| **Accumulated depreciation** | | | | | | |
| Balance, January 1 | (34) | (3,615) | (492) | (690) | (1,379) | **(6,210)** |
| Additions | (20) | (423) | (27) | (55) | (101) | **(626)** |
| Disposals | - | - | - | 37 | - | **37** |
| **Balance, December 31** | **(54)** | **(4,038)** | **(519)** | **(708)** | **(1,480)** | **(6,799)** |
| **Net book value, December 31** | **34** | **2,301** | **84** | **152** | **-** | **2,571** |

| *(continued)* | Right-of-use assets vehicles | Right-of-use assets offices | Equipment | IT hardware | Leasehold improvements | **Total 2023** |
|---|---|---|---|---|---|---|
| Balance, January 1 | 88 | 3,785 | 610 | 849 | 1,496 | **6,828** |
| Additions | - | 89 | - | 90 | - | **179** |
| Disposals | - | - | (42) | (157) | (16) | **(215)** |
| **Balance, December 31** | **88** | **3,874** | **568** | **782** | **1,480** | **6,792** |
| **Accumulated depreciation** | | | | | | |
| Balance, January 1 | (12) | (3,230) | (491) | (803) | (1,284) | **(5,820)** |
| Additions | (22) | (385) | (43) | (43) | (110) | **(603)** |
| Disposals | - | - | 42 | 156 | 15 | **213** |
| **Balance, December 31** | **(34)** | **(3,615)** | **(492)** | **(690)** | **(1,379)** | **(6,210)** |
| **Net book value, December 31** | **54** | **259** | **76** | **92** | **101** | **582** |

During 2024, the Company recognized an addition to right-of-use assets totaling CHF 2.5 million, which was attributable to the extension of the Company's office lease. The extension resulted in a reassessment of the lease term under IFRS 16 and the recognition of a new right-of-use asset and corresponding lease liability. Other additions of 0.1 million represent purchases of other tangible assets.

## 6. Intangible Assets

### *6.1 Vamorolone*

Vamorolone, the active substance in the marketed product AGAMREE for the treatment of DMD, is the first and only medicinal product for DMD to have received full approval in the U.S., EU, and UK. In October 2023, upon obtaining the U.S regulatory approval, the vamorolone intangible asset became available for use. The estimated useful life of the asset is determined to be fifteen years and it is amortized on a straight-line basis.

In 2023, upon achievement of the U.S. Food and Drug Administration (FDA) approval, Santhera was required to pay its licensing partners regulatory-based milestone payments totaling CHF 23.7million. The payments have been capitalized and added to the cost of the intangible asset.

In 2024, intangible assets decreased by CHF 5.0 million to CHF 68.8 million reflecting amortization in the period.

### *6.2 Lonodelestat*

Lonodelestat (previously known as POL6014), a highly potent and selective peptide inhibitor of human neutrophil elastase (**hNE**), was previously in development for the treatment of cystic fibrosis (**CF**). In April 2024, Santhera terminated the licensing agreement with Spexis AG (formerly Polyphor) for the worldwide rights of lonodelestat. All rights to lonodelestat and all data generated by Santhera on lonodelestat during the term of the license have reverted to Spexis, and the assets has been disposed in 2024.

### *6.3 Idebenone*

Idebenone, the active substance in the marketed product Raxone for the treatment of Leber's hereditary optic neuropathy (**LHON**), was divested in the third quarter of 2023. For more information on the disposal, see Note 16.

### *6.4 Movements in carrying value of intangible assets*

| *In CHF thousands* | Vamorolone | Lonodelestat | Idebenone | Software and patents | **Total 2024** |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance, January 1 | 74,701 | 6,210 | - | 724 | **81,635** |
| Additions | - | - | - | - | **-** |
| Disposals | - | (6,210) | - | - | **(6,210)** |
| **Balance, December 31** | **74,701** | **-** | **-** | **724** | **75,425** |
| **Accumulated amortization and impairment** | | | | | |
| Balance, January 1 | (886) | (6,210) | - | (573) | **(7,669)** |
| Additions | (4,975) | - | - | (45) | **(5,020)** |
| Disposals | - | 6,210 | - | - | **6,210** |
| Impairment | - | - | - | - | **-** |
| **Balance, December 31** | **(5,861)** | **-** | **-** | **(618)** | **(6,479)** |
| **Net book value, December 31** | **68,840** | **-** | **-** | **106** | **68,946** |

| | | | | | **Total 2023** |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance, January 1 | 51,048 | 6,210 | 30,387 | 594 | **88,239** |
| Additions | 23,653 | - | - | 130 | **23,783** |
| Disposals | - | - | (30,387) | - | **(30,387)** |
| **Balance, December 31** | **74,701** | **6,210** | **-** | **724** | **81,635** |
| **Accumulated amortization and impairment** | | | | | |
| Balance, January 1 | - | (6,210) | (22,286) | (537) | **(29,033)** |
| Additions | (886) | - | (1,519) | (36) | **(2,441)** |
| Disposals | - | - | 23,805 | - | **23,805** |
| **Balance, December 31** | **(886)** | **(6,210)** | **-** | **(573)** | **(7,669)** |
| **Net book value, December 31** | **73,815** | **-** | **-** | **151** | **73,966** |

## 7. Intangible Assets Impairment Assessment

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is lower than the recoverable amount, the carrying amount is reduced to the recoverable amount by recognizing an impairment charge. Impairment charges arise from changes in the estimates of the future cash flows expected to result from the use of the

asset and its eventual disposal. Factors such as lower-than-anticipated sales for products could result in impairment. The following summarizes the results of management's impairment assessment for each of the intangible assets.

***7.1 Vamorolone***

The results of the vamorolone intangible asset impairment assessment did not identify any indication that the asset may be impaired. Thus, it did not result in the requirement to recognize an impairment loss for the year ending December 31, 2024. For the year ended December 31, 2023, the impairment assessment did not result in the recognition of an impairment loss.

## 8. Deferred Tax Assets

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Temporary differences on convertible bonds | 48 | - |
| Tax loss carryforwards | (48) | - |
| **Deferred tax liabilities recognized** | **-** | **-** |
| Tax loss carryforwards | 244,603 | 183,242 |
| Of which recorded | (356) | - |
| **Of which unrecorded** | **244,247** | **183,242** |
| Unrecorded tax loss carryforwards expiring in: | | |
| 1 year | 20,950 | 7,300 |
| 2 years | 1,455 | 9,871 |
| 3 years | 46,035 | - |
| 4 years | 67,530 | 45,115 |
| 5 years | 41,996 | 53,807 |
| More than 5 years | 42,223 | 43,245 |
| Without expiration | 24,058 | 23,904 |
| **Total unrecorded tax loss carryforwards** | **244,247** | **183,242** |

Due to the uncertainty surrounding the future results of operations and the uncertainty as to whether Santhera can use the tax loss carryforwards for tax purposes, deferred tax assets on tax loss carryforwards were only considered to the extent that they offset taxable temporary differences within the same taxable entity. As there are no temporary differences associated with investments in subsidiaries, no deferred tax liability has to be recognized. No deferred tax assets are recognized on temporary differences related to pension obligations (CHF 7.7 million at December 31, 2024 and CHF 3.9 million at December 31, 2023) and warrant liabilities (CHF 4.3 million at December 31, 2024 and CHF 3.5 million at December 31, 2023).No deferred tax assets are recognized on temporary differences related to the private convertible bond (December 31, 2024 CHF 1.8 million and December 31, 2023 CHF 2.4 million)

## 9. Inventories

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Raw materials | 12,342 | 1,314 |
| Semi-finished goods | 3,651 | 416 |
| Finished goods | 1,534 | 81 |
| **Total inventories** | **17,527** | **1,811** |

## 10. Trade and Other Receivables

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Trade receivables, gross | 9,254 | 554 |
| Other receivables | 4,829 | 1,715 |
| General allowance for expected credit losses on trade receivables | (60) | (6) |
| Specific allowance for expected credit losses on trade and other receivables | (138) | (108) |
| **Total trade and other receivables, net** | **13,885** | **2,155** |

Trade and other receivables are due within 30 to 60 days and bear no interest.

The Group uses an allowance matrix to estimate the allowance for expected credit losses on trade receivables. The expected credit loss rate is based on the Group's historical experience and the Group's expectation of economic conditions over the period until the trade receivables are expected to be paid. Where there is no reasonable expectation of recovery, a specific allowance is established to fully write off trade receivables and other receivables. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan.

The allowance matrices below summarize the expected credit losses on the Group's trade receivables:

| *In CHF thousands* | Current | 0-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days | >360 days | **Total Dec 31, 2024** |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate for general losses | 0.3% | 0.9% | 2.1% | 4.2% | 7.7% | 11.5% | 13.0 to 25% | |
| Trade receivables | 7,197 | 1,509 | 121 | 92 | 144 | 78 | 113 | **9,254** |
| General expected credit loss | 21 | 13 | 3 | 4 | 10 | 9 | - | **60** |
| Specific expected credit loss | - | - | - | - | 25 | - | 113 | **138** |
| Total expected credit loss | 21 | 13 | 3 | 4 | 35 | 9 | 113 | **198** |

| *(continued)* | Current | 0-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days | >360 days | **Total** |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | **Dec 31, 2023** |
| Expected credit loss rate for general losses | 0.3% | 0.9% | 2.1% | 4.2% | 7.7% | 11.5% | 13.0 to 25% | |
| Trade receivables | 332 | 134 | - | 88 | - | - | - | **554** |
| General expected credit loss | 1 | 1 | - | 4 | - | - | - | **6** |
| Specific expected credit loss | - | 24 | - | 84 | - | - | - | **108** |
| Total expected credit loss | 1 | 25 | - | 88 | - | - | - | **114** |

The table below summarizes the changes in the allowance for expected credit losses:

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Allowance for expected credit losses, January 1 | 114 | 119 |
| Reversals | (4) | (8) |
| Increases | 88 | 3 |
| **Allowance for expected credit losses, December 31** | **198** | **114** |

## 11. Cash and Cash Equivalents

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Cash at banks and on hand | 18,330 | 8,527 |
| Short-term investments with maturity of less than three months | 22,595 | 21,843 |
| **Total cash and cash equivalents** | **40,925** | **30,370** |

## 12. Share Capital

### *12.1 Ordinary share capital*

During the year ended December 31, 2024, a total of 800,000 new Shares were issued for financing transactions, and share-based compensation. As of December 31, 2024, issued share capital totals CHF 1,343,334.30, consisting of 13,433,343 Shares with a nominal value of CHF 0.10 each. As of December 31, 2023, issued share capital totaled CHF 1,262,037.60, consisting of 12,620,376 Shares with a nominal value of CHF 0.10 each.

At the AGM held on June 27, 2023, the shareholders approved a reverse share split in the ratio of 10:1. The reverse share split was completed on July 3, 2023. All share data presented in these consolidated financial statements reflect the effects of the reverse share split, unless otherwise indicated. The new shares issued following the reverse stock split, in June 2023 have a new International Securities Identification Number (ISIN)

while the existing shares held prior to the reverse stock split have been canceled. At the AGM, shareholders also gave their consent to the creation of a capital band which authorizes the Board to increase or reduce the share capital within a certain range and over a period of up to five years.

As announced on February 28, 2023, through a private placement to Highbridge Capital Management LLC, the Company issued 3 million Shares at CHF 0.75 per Share for total proceeds of CHF 2.2 million.

As announced on June 20, 2023, in connection with the License and Collaboration Agreement with Catalyst Pharmaceuticals, Inc. (Catalyst), a commercial-stage biopharmaceutical company focused on novel medicines for patients living with rare diseases, Santhera and Catalyst entered into an Investment Agreement of even date, whereby the Company issued 1,414,688 Shares at CHF 9.477 per Share for total proceeds of CHF 13.4 million (Investment Funds). The use of the Investment Funds shall be solely to fund the costs of any Phase 4 Program Activities related to vamorolone for the initial indication and/or to fund future development of additional indications that the parties mutually agree to. See Note 23 for more information on the outlicensing transaction with Catalyst.

***12.2 Treasury shares***

During the year ended December 31, 2024, a total of 800,000 new Shares were issued for the convertible bond conversion.

As of December 31, 2024, the Company held 642,835 treasury shares with a nominal value of CHF 0.10 each for a total value of CHF 64,283.50. As of December 31, 2023, the Company held 1,305,167 treasury shares with a nominal value of CHF 0.10 each for a total value of CHF 130,516.70.

***12.3 Capital band***

As of December 31, 2024, the Company held a capital band between CHF 630,000.00 (lower limit) and CHF 1,860,000.00 (upper limit). Within the range of the capital band, the board of directors is authorized to increase the share capital in any amount once or several times until June 26, 2028.

***12.4 Conditional shares***

Pursuant to Articles 3b, 3c and 3d of the Company's Articles of Incorporation, the Company has conditional shares. The conditional shares represent conditional capital authorized for issuance for share-based compensation, under the exclusion of shareholders' pre-emptive rights, and financing transactions, respectively.

At the AGM held on June 27, 2023, the shareholders endorsed the replacement of the existing conditional capital for financing purposes and for employee participations by corresponding new, increased conditional capital.

*Article 3b conditional shares*

During the year ended December 31, 2024, 0 shares were issued out of Article 3b conditional capital. As of December 31, 2024, Article 3b conditional capital totals CHF 604,115.50 consisting of 6,041,155 shares with a nominal value of CHF 0.10 each. As of December 31, 2023, the total was CHF 604,115.50, consisting of 6,041,155 shares with a nominal value of CHF 0.10 each.

*Article 3c conditional shares*

During the year ending December 31, 2024, a total of 11,967 shares were issued out of the Article 3c conditional shares for new Share issuances for financing transactions. As of December 31, 2024, Article 3c conditional capital totals CHF 48,280.20, consisting of 482,802 shares with a nominal value of CHF 0.10 each. As of December 31, 2023, the total was CHF 49,476.90, consisting of 494,769 shares with a nominal value of CHF 0.10 each.

*Article 3d conditional shares*

During the year ending December 31, 2024, a total of 800,000 shares were issued out of the Article 3d conditional shares for the conversion of convertible bonds into shares. As of December 31, 2024, Article 3c conditional capital totals CHF 470,000.00, consisting of 4,700,000 shares with a nominal value of CHF 0.10 each. As of December 31, 2023, the total was CHF 550,000.00, consisting of 5,500,000 shares with a nominal value of CHF 0.10 each.

## 13. Financial Liabilities

### *13.1 Equity-linked financing arrangements*

*Exchangeable Notes – Highbridge Capital Management*

In July 2020, the Company and its subsidiary Santhera Pharmaceuticals (Schweiz) AG (Santhera Schweiz), entered into a subscription agreement with a fund managed by Highbridge Capital Management LLC (any such entity, Highbridge), providing for the issuance of senior secured Exchangeable Notes (Exchangeable Notes), subject to certain conditions and available in tranches, and exchangeable for Shares. This agreement has undergone a series of amendments in subsequent years.

The table below summarizes the changes in financial liabilities arising from equity-linked financing arrangements and their financial instruments:

| *In CHF thousands* | Exchangeable Notes | Exchangeable Notes derivatives | Exchangeable Notes warrants | Warrants |
|---|---|---|---|---|
| **Balance, December 31, 2022** | **22,127** | **5,440** | **1,766** | **4,295** |
| Cash flows: | | | | |
| Proceeds | 7,500 | - | - | - |
| Repayment | (25,475) | - | - | - |
| Non-cash changes: | | | | |
| Initial recognition of financial instruments at fair value | (1,933) | 1,213 | 720 | 1,106 |
| Nominal value of exchangeable notes converted into Shares | (9,700) | - | - | - |
| Derecognition of financial instruments on conversion of exchangeable notes into Shares | - | (1,633) | - | - |
| Derecognition of financial instruments at Settlement | - | (4,224) | - | - |
| Derecognition of financial instruments on Exercise | - | - | (1,284) | (1,591) |
| Effective interest/amortized cost/fair value Adjustments | 7,481 | (796) | 46 | (1,545) |
| **Balance, December 31, 2023** | **-** | **-** | **1,248** | **2,265** |
| Derecognition of financial instruments on Exercise | - | - | (1,011) | - |
| Effective interest/amortized cost/fair value Adjustments | - | - | (237) | 31 |
| **Balance, December 31, 2024** | **-** | **-** | **-** | **2,296** |

In February 2023, Santhera and Highbridge agreed to the disbursement of up to CHF 20 million, of which CHF 5 million was available for immediate drawdown, and CHF 15 million in subsequent tranches, conditional on certain milestones and other conditions. All outstanding Exchangeable Notes could have been exchanged by Highbridge for Shares at a discount to VWAP, subject to the then current floor price. In addition, Santhera agreed on a new conversion price of CHF 5.00 for CHF 5 million of the private convertible bond and to CHF 10.00 for the remaining outstanding private convertible bond (see Note 13.2 “2021/24 Private Bonds” for more information).

During the six months ended June 30, 2023, net proceeds from Exchangeable Notes totaled CHF 7.5 million. In July 2023, the Exchangeable Notes outstanding totaling CHF 25.5 million plus accrued interest and make-whole expenses totaling CHF 7.2 million were entirely repaid. At the settlement date of July 25, 2023, the Exchangeable Notes and the embedded derivatives were derecognized.

*Warrants – Highbridge*

In connection with the Highbridge Exchangeable Notes and the amendment of February 2023 (described above), the exercise price of the existing and outstanding warrants held by Highbridge, of which were all issued in 2021, were amended to CHF 5.00 per Share. As consideration for the incremental capital of up to CHF 20

million made available per the amendment of February 2023, Santhera issued to Highbridge an additional 200,000 warrants, each of which is exercisable for one Share at an exercise price of CHF 5.00. These warrants were exercised during the years ending 2023 and 2024.

The combined fair value of the warrants granted in 2021 was initially recognized as prepaid financing transaction costs. Once the Exchangeable Notes were issued, the prepaid financing transaction cost was expensed on a pro rata basis.

As of December 31, 2023, the combined fair value of the warrants outstanding totaled CHF 1.2 million and 206,975 were exercised in 2023. As of December 31, 2024, all remaining warrants were exercised. Refer to Note 13.5 for a summary of total warrants granted and outstanding at December 31, 2024.

*Warrants – other financing transactions*

As part of the equity raise transaction that took place in September 2021, Santhera granted a total of 633,504 warrants with a fair value of CHF 10.50 per warrant at the grant date and an exercise price of CHF 20.00. The warrants are initially and subsequently recognized at fair value through profit or loss and are classified as financial liabilities until exercised by the holder.

As announced on January 10, 2023, Santhera entered into a share exchange agreement with Idorsia Ltd (SIX: IDIA), a biopharmaceutical company headquartered in Allschwil, Switzerland (Idorsia), pursuant to which Idorsia transferred 346,500 of its registered shares to Santhera. As consideration, Santhera delivered 552,902 Shares, valued at CHF 9.043 to Idorsia and issued 221,161 warrants to Idorsia, each of which is exercisable for one Share at an exercise price of CHF 9.043 at any time until January 9, 2025. The purpose of such a share exchange was to obtain short-term liquidity by selling the Idorsia shares. During the six months ended June 30, 2023, all these Idorsia shares were sold generating net proceeds of CHF 5.7 million. The warrants were initially and subsequently recognized at fair value through profit or loss and are classified as financial liabilities until exercised by the holder.

As of December 31, 2023, the combined fair value of the warrants outstanding totaled CHF 2.3 million and 175,000 were exercised in 2023. As of December 31, 2024, the combined fair value of the warrants outstanding totals CHF 2.3 million and nil were exercised in 2024. Refer to Note 13.5 for a summary of total warrants granted and outstanding at December 31, 2024.

*Equity-linked financial instruments valuation and sensitivity analysis*

The equity-linked financing arrangements' financial instruments includes the embedded derivatives and warrants. The financial instruments valuations are based on Level 3 unobservable input parameters applying a simulation-based approach. The implied volatility, a significant valuation input, is determined by reference to the annualized daily trading volatility of Santhera's Shares for a historical lookback period equal to the expected remaining life of the conversion right as of the valuation date. By construction, the compound financial instrument issued to Highbridge is assumed will be exercised by conversion to shares before maturity. For valuation purposes, it is therefore assumed that the expected exercise date is between the investing date and the maturity date.

The table below shows the implied volatility as of the valuation date:

| *Financial instruments* | **2024** | **2023** |
|---|---|---|
| Equity-linked financing arrangements – warrants: | | |
| Granted in September 2021 | 61% | 82% |
| Granted in January 2023 | 60% | 85% |
| Granted in March 2023 | 0% | 82% |

The table below shows the impact that a 5% increase/decrease in volatility has on the fair value for each category of financial instrument and its effect on result before taxes as of the valuation date.

| *In CHF thousands* | | **2024** | **2023** |
|---|---|---|---|
| *Financial instruments* | Increase/decrease in volatility assumption | Effect on result before taxes | Effect on result before taxes |
| Equity-linked financing arrangements – warrants | | | |
| Change in volatility | +5% | (257) | (214) |
| | -5% | 298 | 208 |

***13.2 Financing arrangements – senior unsecured convertible bonds***

*2021/24 Bonds*

On May 4, 2021, Santhera issued senior unsecured convertible bonds with a maturity date of August 17, 2024 in the nominal value of CHF 30.3 million (2021/24 Bonds). The bonds, listed on the SIX (ISIN: CH0563348744), are interest bearing (7.5%) with a maximum term of 39 months, and are convertible into Shares with a nominal value of CHF 10.00 each. The initial conversion price is fixed at CHF 30.029. In addition, Santhera could call the 2021/24 Bonds at any time on or after the second anniversary of the issue date at par, plus accrued interest, if any, if the VWAP of the Shares is at least 150% of the conversion price.

During the year ended December 31, 2023, nil 2021/24 Bonds were converted into Shares. As of December 31, 2023, the 2021/24 Bonds had a remaining aggregate nominal value of CHF 13.5 million and a carrying value of CHF 12.8 million, and the fair value of the derivatives totals CHF 0.1 million.

On August 18, 2024, the listed 2021/24 convertible bonds amounting to CHF 13.5 million were redeemed on maturity. At the settlement date the listed convertible bonds were derecognized.

*2021/24 Private Bonds*

On October 14, 2021, in a private offering, Santhera issued senior unsecured convertible bonds to Highbridge with an aggregate nominal value of CHF 15.0 million (2021/24 Private Bonds). The terms of the 2021/24 Private Bonds are substantially similar to those of the 2021/24 Bonds other than subsequent amendments to conversion price.

In February 2023, Santhera and Highbridge agreed on a new conversion price of CHF 5.00 for CHF 5 million of the 2021/24 Private Bonds and of CHF 10.00 for the remaining outstanding 2021/24 Private Bonds. The

modification of the terms resulted in a loss in the amount of CHF 0.3 million, which was recognized as financial expense during the year ending December 31, 2023.

During the year ended December 31, 2023, 2021/24 Private Bonds with a total aggregate nominal value of CHF 1 million were converted into Shares and all the 150,000 warrants granted were exercised and converted into Shares. As of December 31, 2023, the 2021/24 Private Bonds have an aggregate nominal value of CHF 11 million and a carrying value of CHF 8.2 million. As of December 31, 2023, the fair value of the derivatives totals CHF 5.2 million.

On August 12, 2024, as part of the transaction to close the new term loan financing arrangement with Highbridge, the contract for the existing private convertible bonds were amended to extend a portion of the bonds by 12 months to August 2025, with the remainder being converted. CHF 7 million, with a strike price of CHF 10, was extended by 12 months, and CHF 4 million was converted at a strike price of CHF 5. On settlement, 824,044 shares were delivered on conversion. As a result of the contract amendment the transferred part of the old bond was derecognized to the amount to which it was exchanged and a modification loss of 0.017 million was recognized. The new bond was booked as a new hybrid financial instrument.

As of December 31, 2024, the 2021/24 Private Bonds have an aggregate nominal value of CHF 7.0 million and a carrying value of CHF 6.4 million. As of December 31, 2024, the fair value of the derivative totals CHF 2.3 million.

The following table summarizes the nominal and carrying values of the senior unsecured convertible bonds:

| *In CHF thousands* | | | | | **2024** | | **2023** | |
|---|---|---|---|---|---|---|---|---|
| | Offering | Currency | Interest | Maturity | Nominal value | Carrying value | Nominal value | Carrying value |
| 2021/24 Bonds (ISIN: CH0563348744) | Public | CHF | 7.5% | Aug 2024 | - | - | 13,547 | 12,755 |
| 2021/24 Private Bonds | Private | CHF | 7.5% | Aug 2025 | 6,971 | 6,398 | 10,999 | 8,188 |
| **Total current convertible bonds** | | | | | **6,971** | **6,398** | **24,546** | **20,943** |

The table below summarizes the changes in financial liabilities arising from convertible bond issuances and their financial instruments:

| *In CHF thousands* | 2021/24 Bonds | 2021/24 Bonds derivatives | 2021/24 Private Bonds | 2021/24 Private Bonds derivatives | 2021/24 Private Bonds warrants |
|---|---|---|---|---|---|
| **Balance, December 31, 2022** | **11,613** | **830** | **9,467** | **3,505** | **1,335** |
| Adjustment for modification of bonds | - | - | (3,340) | 3,594 | - |
| Nominal value of bonds converted into Shares | - | - | (972) | - | - |
| Derecognition of financial instruments on conversion of bonds into Shares | - | - | - | (829) | - |
| Derecognition of financial instruments on exercise | - | - | - | - | (671) |
| Effective interest/amortized cost/fair value adjustments | 1,142 | (763) | 3,033 | (1,082) | (664) |
| **Balance, December 31, 2023** | **12,755** | **67** | **8,188** | **5,188** | **-** |
| Repayment / repurchase of debt / bonds | (13,547) | - | - | - | - |
| Derecognition of financial instruments on conversion of bonds into Shares | - | - | (4,028) | (3,080) | - |
| Amortization catch-up | - | - | 67 | - | - |
| Effective interest/amortized cost/fair value adjustments | 792 | (67) | 3,042 | - | - |
| Changes in fair value of derivative | - | - | - | (672) | - |
| Derecognition upon agreement update | - | - | (6,971) | (1) | - |
| Recognition upon modification | - | - | 6,083 | 888 | - |
| Adjustment for modification | - | - | 17 | - | - |
| **Balance, December 31, 2024** | **-** | **-** | **6,398** | **2,323** | **-** |

*Convertible bonds financial instruments valuation and sensitivity analysis*

The convertible bonds conversion rights, reset mechanisms, and early redemption options are considered embedded financial derivatives and requires initial recognition and subsequent measurement at fair value through profit or loss. The valuation of the embedded derivatives is based on Level 3 unobservable input parameters applying a simulation-based valuation approach. The implied volatility is determined by reference to the annualized daily trading volatility of Santhera's shares for a historical lookback period equal to the expected remaining life of the conversion right as of the valuation date.

The embedded conversion rights and reset mechanisms are directly related and have the same risk exposure. Therefore, these two derivatives are accounted for as a single financial instrument (i.e., a compound derivative). Due to the reset mechanisms, the compound derivative is not settled for a fixed number of Shares and hence classifies as a financial liability. The convertible bonds are recognized as financial liabilities measured at amortized cost using the effective interest method and the embedded derivatives are recognized as financial liabilities measured at fair value through profit or loss.

A key input to determine the valuation of the financial instruments, the identified volatility, is calculated based on the historical returns of the Company's Shares over a period commensurate to the duration of the instrument.

The table below shows the implied volatility as of the valuation date:

| *Financial instruments* | **2024** | **2023** |
|---|---|---|
| Derivatives: | | |
| 2021/24 Bonds | - | 80% |
| 2021/24 Private Bonds | 50% | 80% |

The table below shows the impact that a 5% increase/decrease in volatility has on the fair value for each category of financial instrument and its effect on result before taxes as of the valuation date:

| *In CHF thousands* | | **2024** | **2023** |
|---|---|---|---|
| *Financial instruments* | Increase/decrease in volatility assumption | Effect on result before taxes | Effect on result before taxes |
| 2021/24 Bonds – derivatives | | | |
| Change in volatility | +5% | - | (22) |
| | -5% | - | 20 |
| 2021/24 Private Bonds – derivatives | | | |
| Change in volatility | +5% | 80 | (22) |
| | -5% | (21) | 29 |

### *13.3 Financing arrangements - term loan*

On August 12, 2024, Santhera closed a new term loan financing agreement with Highbridge Capital Management, LLC (Highbridge). The agreement primarily serves to support the Company's growth initiatives, repayment of maturing convertible bonds and liquidity through to the first half of 2026, at which point Santhera expects to be cash flow break-even.

Under the terms of the agreement, Santhera received CHF 35 million as a term loan with a four-year maturity and an interest rate of 3-month SARON plus 9.75%. In addition, Highbridge received 236,540 warrants with a fair value of CHF 4.67 per warrant at the date of grant. Each warrant is exercisable at any time until August 12, 2029, for one Share at an exercise price of CHF 11.10. The warrants are initially and subsequently recognized at fair value through profit or loss and are classified as financial liabilities until exercised by the holder.

The following table summarizes the nominal and carrying values of the term loan:

| *In CHF thousands* | | | | | 2024 | |
|---|---|---|---|---|---|---|
| | Offering | Currency | Interest | Maturity | Nominal value | Carrying value |
| HB Term Loan | Private | CHF | 3-month SARON plus 9.75% | Dec 2028 | 35,000 | 31,729 |
| **Total noncurrent loans** | | | | | **35,000** | **31,729** |

The table below summarizes the changes in financial liabilities arising from the term loan and its financial instruments:

| *In CHF thousands* | HB Term Loan | HB Term Loan derivatives | HB Term Loan warrants |
|---|---|---|---|
| Cash flows: | | | |
| Proceeds | 34,300 | - | - |
| Non-cash changes: | | | |
| Initial recognition of financial instruments at fair value | (2,855) | 1,750 | 1,105 |
| Effective interest/amortized cost/fair value adjustments | 284 | 466 | 889 |
| **Balance, December 31, 2024** | **31,729** | **2,216** | **1,994** |

The interest rate on this term loan is tied to the SARON rate plus a spread of 9.75%, with an embedded interest rate floor of 2.00% for the SARON rate which is considered an embedded financial derivative and requires initial recognition and subsequent measurement at fair value through profit or loss. The valuation of the embedded derivatives is based on Level 3 unobservable input parameters applying a simulation-based valuation approach. The implied volatility is determined by reference to the annualized daily trading volatility of Santhera's shares for a historical lookback period equal to the expected remaining life of the conversion right as of the valuation date.

The term loan is recognized as financial liabilities measured at amortized cost using the effective interest method and the embedded derivatives are recognized as financial liabilities measured at fair value through profit or loss.

A key input to determine the valuation of the financial instruments, the identified volatility, is calculated based on the historical returns of the Company's Shares over a period commensurate to the duration of the instrument.

The table below shows the implied volatility as of the valuation date:

| *Financial instruments* | **2024** |
|---|---|
| Derivatives: | |
| HB Term Loan | 3% - 16% |
| Warrants: | |
| HB Term Loan | 73% |

The table below shows the impact that a 5% increase/decrease in volatility has on the fair value for each category of financial instrument and its effect on result before taxes as of the valuation date:

| *In CHF thousands* | | **2024** |
|---|---|---|
| *Financial instruments* | Increase/decrease in volatility assumption | Effect on result before taxes |
| HB Term Loan – derivatives | | |
| Change in volatility | +5% | - |
| | -5% | - |
| HB Term Loan – warrants | | |
| Change in volatility | +5% | (132) |
| | -5% | 92 |

***13.4 Financing arrangements - royalty purchase agreement***

On August 13, 2024, Santhera closed a royalty monetization financing agreement with R-Bridge Investment Six PTE. LTD. The agreement primarily serves to support the Company's growth initiatives, repayment of maturing convertible bonds and liquidity through to the first half of 2026, at which point Santhera expects to be cash flow break-even.

Under the terms of the agreement, R-Bridge made an upfront cash payment of USD 29.3 million (CHF 25.6 million) to Santhera. In addition, R-Bridge will make staged sales-related milestone payments that, if achieved, would result in total payments to Santhera of a further USD 8 million.

The royalty agreement with R-Bridge is partial and capped. Santhera is monetizing 75% of the future royalty income streams (net of any agreed payment obligations of Santhera to ReveraGen and R-Bridge) from its licensing agreements for AGAMREE with Catalyst Pharmaceuticals, Inc. and with Sperogenix Therapeutics Ltd., in respect of net product sales occurring from July 1, 2024. Once the agreed threshold or duration of royalty payments is met, the North America and China royalty payments will revert back to Santhera. In addition, Santhera retained certain rights to buy back the royalty income stream via a repurchase option.

The royalty agreement contains embedded derivatives, including minimum guarantee thresholds over both the net sales of Santhera's licensing partners and royalty revenue to be collected by R-Bridge, as well as a buy-out right by Santhera to repurchase the royalties from R-Bridge at any point after closing date, The embedded

derivatives are directly related and have the same risk exposure. Therefore, the derivatives and financial liability are accounted for as a single financial instrument (i.e., a hybrid instrument).

At initial recognition, the cash receipt of USD 29.3 million (CHF 25.6 million), net of directly attributable transaction costs of USD 0.7 million (CHF 0.6 million), was measured at fair value and recognized as a non-current financial liability from future payments to R-Bridge. Subsequent to initial recognition, the financial liability is remeasured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The fair value adjustments reflect changes in expected future sales of the Royalty Products and the likelihood of achieving the milestone payments.

The financial liability valuation is based on Level 3 unobservable input parameters applying a Monte Carlo simulation based on revenue forecasts with future monthly royalty revenues being modeled with a triangular distribution centered on management's projections, adjusted for upside and downside scenarios. Each simulated royalty revenue path triggers cash flows dependent on the potential termination of the contract due to the payment cap, or the potential exercise of the repurchase option.

Key inputs to the valuation model include:

- Projected future revenues of the licensed product derived from internal forecasts driven by projections from licensing partners.
- Expected royalty rates in accordance with the licensing agreement, ranging from 5% to 11% of product sales.
- Weighted average cost of capital (WACC): 10.9% and 11.1%, applied to discount future cash flows to present value for the initial and year-end remeasurement respectively.
- Foreign exchange rates: as all contractual cash flows are denominated in USD, future cash flows are converted to CHF (the Group's functional currency) using forward-looking exchange rate assumptions derived from observable market data.
- Volatility assumptions for forecasted sales: deviation of +/-25% compared to projections.

As a result of the fair value measurement a deferred loss balance was recognized, and will be amortized over the expected life of the contract on a straight-line basis as it reflects a consistent and systematic allocation. As of the initial valuation date of 13 August 2024, and as remeasured at 31 December 2024, the fair value of the royalty purchase agreement were CHF 35.3 million and CHF 37.0 million respectively, with a deferred loss balance of 9.0 million and 8.0 million respectively.

The table below summarizes the changes in financial liabilities arising from the royalty purchase agreement:

| *In CHF thousands* | 2024 Royalty Purchase | 2024 Royalty Purchase Deferred Loss |
|---|---|---|
| Proceeds | 25,632 | - |
| Deferred loss | 9,011 | 9,011 |
| Transaction costs | 612 | - |
| Initial recognition of financial instruments at fair value | 35,255 | - |
| Repayment | (462) | - |
| Fair value adjustments/amortization/FX impact | 2,182 | (995) |
| **Balance, December 31, 2024** | **36,975** | **8,016** |

A sensitivity analysis is performed to assess the impact of changes in key assumptions on the fair value of the financial liability. The table below shows the impact that a 25% increase/decrease in volatility of royalty revenue projections has on the fair value of the liability:

| *In CHF thousands* | | **2024** |
|---|---|---|
| *Financial instruments* | Increase/decrease in volatility assumption | Effect on liability balance |
| 2024 royalty purchase agreement | | |
| Change in revenue projections | +25% | - |
| | -25% | 10 |

### *13.5 Summary of warrants issued and outstanding*

The table below summarizes the changes in warrants outstanding in connection with financing arrangements:

| Warrants granted | Expiry date | Exercise price (CHF) | **Outstanding 2023** | Issued | Exercised | Expired/ Forfeited | **Outstanding 2024** |
|---|---|---|---|---|---|---|---|
| 458,504 | Sep 22, 2026 | 20.00 | 458,504 | - | - | - | 458,504 |
| 221,161 | Jan 09, 2025 | 9.04 | 221,161 | - | - | - | 221,161 |
| 200,000 | Sep 20, 2026 | 5.00 | 191,502 | - | (191,502) | - | - |
| 236,540 | Aug 12, 2029 | 11.10 | - | 236,540 | - | - | 236,540 |
| **1,639,682** | | | **871,167** | **236,540** | **(191,502)** | **-** | **916,205** |

## 14. Fair Value of Financial Liabilities Arising from Financing Activities

The table below summarizes the fair value hierarchy of financial liabilities measured at amortized cost and measured at fair value through profit or loss as of December 31, 2024, and December 31, 2023. During the year ended December 31, 2024, there have been no transfers between the different hierarchy levels.

| *In CHF thousands* | **December 31, 2024** | | | | |
|---|---|---|---|---|---|
| | Carrying value | Fair Value Hierarchy Level 1 | Level 2 | Level 3 | Total |
| 2021/24 Bonds | - | - | - | - | **-** |
| 2021/24 Private Bonds | 6,398 | - | 4,721 | - | **4,721** |
| Term Loans | 31,729 | - | 39,623 | - | **39,623** |
| **Total financial liabilities at amortized cost** | **38,127** | **-** | **44,344** | **-** | **44,344** |
| Royalty purchase agreements | 36,975 | - | - | 36,975 | **36,975** |
| Derivative financial instruments | 4,539 | - | - | 4,539 | **4,539** |
| Warrant financial instruments | 4,290 | - | - | 4,290 | **4,290** |
| **Total financial liabilities at fair value through profit or loss** | **45,804** | **-** | **-** | **45,804** | **45,804** |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Fair Value Hierarchy Level 1 | Level 2 | Level 3 | Total |
| 2021/24 Bonds | 12,755 | 13,496 | - | - | **13,496** |
| 2021/24 Private Bonds | 8,188 | - | 5,855 | - | **5,855** |
| **Total financial liabilities at amortized cost** | **20,943** | **13,496** | **5,855** | **-** | **19,351** |
| Derivative financial instruments | 5,255 | - | - | 5,255 | **5,255** |
| Warrant financial instruments | 3,513 | - | - | 3,513 | **3,513** |
| **Total financial liabilities at fair value through profit or loss** | **8,768** | **-** | **-** | **8,768** | **8,768** |

The Group applies the following assumptions in estimating fair values of financial liabilities carried on an amortized cost basis:

- The carrying amounts of short-term debt and current maturities of long-term debt, excluding finance lease obligations, are deemed a reasonable approximation of fair values
- Long-term debt, excluding finance lease obligations: Fair values of the Company's publicly traded convertible bonds are determined using quoted market prices (Level 1 inputs). For convertible bonds and term loans without available quoted market prices, the fair values are determined by reference to the present value of future contractual cash flows discounted at observable market interest rates for instruments with similar characteristics to those held by the Company (Level 2 inputs)

## 15. Lease Liabilities

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Balance, January 1 | 606 | 1,230 |
| Additions | - | 89 |
| Modifications | 2,465 | |
| Disposals | - | - |
| Interest expense | 35 | 27 |
| Payments including interest expense | (614) | (739) |
| Currency translation effects | 1 | (1) |
| **Balance, December 31** | **2,493** | **606** |
| Less current portion of lease liabilities | 553 | 571 |
| Noncurrent portion of lease liabilities | 1,940 | 35 |

During 2024, the Company recognized an addition to right-of-use assets totaling CHF 2.5 million, which was attributable to the extension of the Company's office lease. The extension resulted in a reassessment of the lease term under IFRS 16 and the recognition of a new right-of-use asset and corresponding lease liability.

Total cash outflow for lease payments amounts to CHF 0.6 million for the year ended December 31, 2024 and CHF 0.7 million for the year ended December 31, 2023.

## 16. Sale of Idebenone Business

On July 28, 2023, Santhera divested the idebenone business worldwide and for all indications to Chiesi Farmaceutici S.p.A., an international research focused healthcare company (**Chiesi Group**), as part of its strategic realignment to focus on the operational preparations in the markets in which vamorolone will be launched. Under the terms of the agreement, Chiesi Group acquired the idebenone intangible asset, its associated inventory, and assumed the responsibility for the settlement agreed between Santhera and the French reimbursement authorities relating to Raxone in LHON, together in a single transaction (**disposal group**). The disposal group assets and associated liability have been derecognized from the consolidated balance sheet in the third quarter of 2023.

The net gain on the sale of CHF 17.7 million was mainly due to the derecognition of the noncurrent provision of CHF 24.6 million, which was partially offset by the loss of CHF 6.6 million on the derecognition of the idebenone intangible asset and associated inventory.

## 17. Trade and Other Payables

Trade and other payables are due within 30 to 120 days and bear no interest.

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Trade payables | 5,752 | 3,556 |
| Other payables (non-financial) | 3,472 | 2,060 |
| **Total trade and other payables** | **9,224** | **5,616** |

## 18. Accrued Expenses

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Development programs | 2,638 | 1,501 |
| Liabilities to employees (non-financial) | 3,637 | 5,115 |
| Accruals for pricing reimbursements | 3,510 | 575 |
| Accruals for audit, consulting and other | 8,224 | 1,505 |
| Accruals for interest expense | 1,336 | 876 |
| **Total accrued expenses** | **19,345** | **9,572** |

## 19. Current Provisions

Current provisions mainly consist of restructuring liabilities for employee-related costs. In June 2023, the Group initiated a restructuring plan in response to the outlicensing of intangible asset vamorolone in North

America. The changes in restructuring liabilities for the year ended December 31, 2024 and December 31, 2023, are as follows:

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Balance, January 1 | 141 | 11 |
| Additions | - | 546 |
| Utilizations | | (163) |
| Reversals | (151) | (243) |
| Currency translation effects | 10 | (10) |
| **Balance, December 31** | **-** | **141** |

## 20. Commitments and Contingent Liabilities

### *20.1 Commitments to future payments*

*License agreements with ReveraGen and R-Bridge*

In September 2020, Santhera exercised the option to obtain worldwide exclusive rights to vamorolone in DMD and all other indications from ReveraGen Biopharma, Inc., a clinical-stage drug development company headquartered in Rockville, MD, U.S. (ReveraGen). Under the terms of the agreement, Santhera's obligations to ReveraGen are a payment of up to USD 7 million, payable in monthly installments of up to USD 500,000, to fund development including the Phase 2b VISION-DMD study and USD 5 million at the time when FDA supports an NDA filing with Phase 2b 6-month data. Santhera is also required to pay ReveraGen and Idorsia (now R-Bridge following Idorsia monetization agreement in December 2024 further described below) regulatory and commercial milestone payments of up to USD 90 million in the DMD indication and five one-time sales milestone payments of up to USD 155 million in aggregate. Regulatory milestone payments due to ReveraGen and Idorsia (now R-Bridge as described below) for three additional indications amount to up to USD 205 million in aggregate. Upon commercialization of vamorolone, Santhera has also committed to pay ReveraGen and Idorsia (now R-Bridge as described below) tiered royalties ranging from a single-digit percentage to low double-digit percentage in total on the annual net sales of vamorolone.

On June 2, 2022, Santhera announced the amendment to the agreement with ReveraGen, resulting in a reduction of the USD 40 million milestone payment due upon FDA approval (achieved in the second half of 2023) by USD 20 million in exchange for an increase of the sales milestone by USD 20 million (due when vamorolone annual revenue reaches USD 100 million).

In December 2024, Idorsia entered into a royalty monetization agreement with R-Bridge, in which Idorsia received an upfront cash payment from R-Bridge in exchange for the rights to receive 100% of the future vamorolone royalties and milestones due from Santhera up to a specified cap. Upon reaching the cap (earlier of the 10-year anniversary of the closing, or the date upon which R-Bridge has received payments under the assigned agreement equal to 2.00x the purchase price (i.e. USD 30 m)) rights to vamorolone royalties and milestones will be reassigned to Idorsia.

*License agreement with Spexis*

In February 2018, Santhera entered into a license agreement with Spexis (formerly Polyphor), under which lonodelestat was inlicensed on an exclusive worldwide basis in any indication. Lonodelestat (previously known as POL6014), a highly potent and selective peptide inhibitor of hNE, has been in development for the treatment of CF and other neutrophilic pulmonary diseases. During 2022 Santhera paused the development of lonodelestat, stating that continuation of the program was dependent on additional funding, partnering and reassessment of business case following other new treatments in CF emerging. The program remained on hold throughout 2023. In April 2024, Santhera terminated the licensing agreement, hence all rights to lonodelestat and all data generated by Santhera on lonodelestat during the term of the license reverts to Spexis. The decision to terminate the license was taken in light of Santhera's portfolio prioritization, and not as a result of any safety or efficacy data having arisen from the Phase 1a or Phase 1b studies undertaken on lonodelestat during the term of the license.

*Contracts for clinical development and other activities*

As part of its ordinary course of business, Santhera has entered into several contracts for clinical and technical development services, product supply and other business services. Commitments are within current market prices and can be terminated at the Company's discretion.

***20.2 Accrued liabilities and contingent liabilities***

Management believes that accrued expenses are reasonably estimated based upon currently available information. However, given the inherent difficulties in estimating liabilities relating to clinical development, variable consideration, taxes, and possible litigation due to the uncertainty concerning both the amount and timing of future expenditures, additional costs may be incurred materially beyond the amounts accrued. The Company records a provision for its contingent obligations when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

## 21. Equity Rights Plans

Santhera has established equity rights plans to align the long-term interests of the members of the Board, the Executive Management, its employees, and selected consultants who are eligible to participate. Rights granted under these plans are equity-settled and recognized as share-based compensation expense in the consolidated income statement. Pursuant to Article 3b of the Company's Articles of Incorporation, the Company has conditional shares. The conditional shares represent conditional capital authorized for issuance for share-based compensation, under the exclusion of shareholders' pre-emptive rights, and financing transactions, respectively.

### *21.1 Share-based compensation*

The table below summarizes the classification of share-based compensation expense recognized in the consolidated income statement for the year ended December 31, 2024 and December 31, 2023:

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Development | 978 | 1,242 |
| Marketing and sales | 781 | 737 |
| General and administrative | 2,214 | 4,011 |
| **Total share-based compensation** | **3,973** | **5,990** |

### *21.2 Employee long-term Incentive Plan (LTIP)*

The objective of the Long-term Incentive Plan (LTIP) is to align variable long-term compensation with Santhera's strategy. The LTIP is designed to motivate participating employees to promote the achievement of medium- and long-term value-based objectives through their actions and decisions. Santhera strives to align the interests of the employees and the Company with those of shareholders beyond share price appreciation. In addition, the LTIP aims to strengthen executives' loyalty to Santhera, their identification with the Company and their motivation to stay with the Company. The LTIP consists of various plans in place as well as certain legacy plans under which no further grants will be made, each of which are described below.

*Employee Stock Option Plan (ESOP)*

The Employee Stock Option Plan (ESOP) contains customary provisions in respect of the adjustment or cancellation of stock options upon termination of employment, retirement, death, disability and certain corporate transactions. All stock option plans are administered under the responsibility of the Board. Each stock option entitles its holder to purchase one Share of the Company at an exercise price defined to be either a) equal to the volume-weighted average share price in the three preceding months for Swiss employees, or b) the closing share price on the SIX Swiss Exchange at each grant date. In general, 50% of the stock options vest on the second anniversary, 25% on the third anniversary and the remaining 25% on the fourth anniversary of the grant date. At the end of the option term, i.e., after a period of 10 years as from the grant date, unexercised stock options expire without value. Under the ESOP 2010 vested stock options of employees leaving the Company in good faith expire six months after the termination date of the employment. Under the ESOP 2015 vested stock options of employees leaving the Company in good faith do not expire before maturity. Unvested stock options of employees leaving the Company are forfeited under all stock option plans.

The table below summarizes the changes in the ESOP 2010, ESOP 2015, and the total number of stock options outstanding under the two plans:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| *Number of stock options* | **ESOP 2010** | **ESOP 2015** | **ESOP 2010** | **ESOP 2015** |
| Outstanding, January 1 | 2,205 | 21,371 | 2,255 | 21,385 |
| Exercised | - | - | - | - |
| Granted | - | - | - | - |
| Forfeited | - | - | - | (14) |
| Expired | (2,205) | (3,837) | (50) | - |
| **Outstanding, December 31** | **-** | **17,534** | **2,205** | **21,371** |

*Employee Share Appreciation Rights Plans (ESARP)*
Santhera introduced the Employee Share Appreciation Rights Plan (ESARP) in 2016, with annual versions through 2019 (ESARP 2016–2019) for Executive Management and employees. Share Appreciation Rights (SARs) were granted periodically at the Board's discretion or as contractually agreed, and included standard provisions for adjustments in cases such as termination, retirement, or corporate events. The plan was administered by the Board.

In 2021, the Company updated its Long-Term Incentive Plan (LTIP), discontinuing SARs and introducing a new structure based on time- and performance-based awards. The new LTIP grants a mix of stock options and Performance Share Units (PSUs), with the specific allocation determined annually by the Compensation Committee.

The tables below summarize the changes in the various ESARP and the total number of SARs outstanding under each of these plans:

| *Number of SARs* | **Outstanding Jan 1, 2024** | Exercised | Granted | Forfeited | Expired | **Outstanding Dec 31, 2024** |
|---|---|---|---|---|---|---|
| ESARP 2016 | 4,331 | - | - | - | - | **4,331** |
| ESARP 2017 | 22,808 | - | - | - | - | **22,808** |
| ESARP 2018 | 31,111 | - | - | - | - | **31,111** |
| ESARP 2019 | 100,259 | - | - | - | - | **100,259** |
| ESARP 2020 | 38,268 | - | - | - | - | **38,268** |
| **Total** | **196,777** | **-** | **-** | **-** | **-** | **196,777** |

| *Number of SARs* | **Outstanding Jan 1, 2023** | Exercised | Granted | Forfeited | Expired | **Outstanding Dec 31, 2023** |
|---|---|---|---|---|---|---|
| ESARP 2016 | 4,331 | - | - | - | - | **4,331** |
| ESARP 2017 | 22,808 | - | - | - | - | **22,808** |
| ESARP 2018 | 31,111 | - | - | - | - | **31,111** |
| ESARP 2019 | 100,259 | - | - | - | - | **100,259** |
| ESARP 2020 | 38,268 | - | - | - | - | **38,268** |
| **Total** | **196,777** | **-** | **-** | **-** | **-** | **196,777** |

*Employee Long-term Incentive Plan 2021, 2022, 2023, 2024 (ELTIP 2021, ELTIP 2022, ELTIP 2023, ELTIP 2024)*

In 2021, the Company adopted the Employee Long-term Incentive Plan (ELTIP 2021) to provide incentives to the Executive Management and other employees equity participation rights consisting of a combination of stock options and PSUs. The ELTIP 2021 was subsequently renewed in 2022, 2023 and 2024 under the Employee Long-term Incentive Plan (ELTIP 2024).

The following provides a summary of ELTIP 2024. Each vested SAR entitles the participant to receive the difference between the Santhera Share Price at the Exercise Date and the Exercise Base Value (after deduction of exercise cost, social security payments and source taxes, if any) in Shares. Unless otherwise determined in the Equity Participation Rights Agreement and subject to the exceptions, 33% of the Equity Participation Rights vest on the first anniversary, the next 33% on the second anniversary and the remaining 34% on the third anniversary of the grant date. SARs vest on the annually over a three year period on the anniversary of the grant date and then may be exercised the at any time until they expire on the tenth anniversary of the grant date, or as otherwise determined in the Equity Participation Rights Agreement. Unless otherwise determined in the Equity Participation Rights Agreement, the Shares in exchange for the PSUs will be delivered to participants on the first business day of the calendar quarter following the final assessment of the achievement of the performance targets at the third anniversary of the grant date. PSUs are assessed by the Nomination and Compensation Committee against performance criteria set at the time to include market and non-market performance conditions. Performance Share Units (PSUs) are awarded based on achievement against defined performance criteria over the vesting period. 45% of the PSU award is tied to relative Total Shareholder Return (TSR), measured equally against the Swiss Mid-Cap Index and the SPDR S&P Biotech ETF Index. 33% of the award is based on the achievement of annual revenue targets, and the remaining 22% is linked to the attainment of strategic objectives.

SARs may not be exercised before they vest, after the end of the respective vesting period and up to the end of the SAR period, the participant has the right to exercise the SAR. Each vested SAR shall entitle the participant to receive such a number of Shares that is equivalent in terms of value to the difference between the price of the Share on the exercise date and the Exercise Base Value according to the Share Appreciation Rights Agreement.

The tables below summarize the changes in the ELITP 2021, ELTIP 2022, ELTIP 2023, ELTIP 2024 and the total number of stock options, PSUs, and SARs outstanding under these plans:

| *Number of PSUs and stock options* | **Outstanding Jan 1, 2024** | Exercised | Granted | Forfeited | Expired | **Outstanding Dec 31, 2024** |
|---|---|---|---|---|---|---|
| PSUs | 192,395 | (131,746) | - | (53,523) | - | **7,126** |
| Stock options | 45,765 | - | - | 3,421 | - | **49,186** |
| **Total ELTIP 2021** | **238,160** | **(131,746)** | **-** | **(50,102)** | **-** | **56,312** |
| PSUs | 343,131 | (1,000) | - | (4,389) | - | **337,742** |
| Stock options | 155,313 | (5,167) | - | (3,328) | - | **146,818** |
| **Total ELTIP 2022** | **498,444** | **(6,167)** | **-** | **(7,717)** | **-** | **484,560** |
| PSUs | 514,895 | - | 4,269 | (109,250) | - | **409,914** |
| SARs | 253,608 | (4,107) | 2,104 | (7,976) | - | **243,629** |
| **Total ELTIP 2023** | **768,503** | **(4,107)** | **6,373** | **(117,226)** | **-** | **653,543** |
| PSUs | - | - | 622,120 | - | - | **622,120** |
| SARs | - | - | 232,080 | - | - | **232,080** |
| **Total ELTIP 2024** | **-** | **-** | **854,200** | **-** | **-** | **854,200** |

| *Number of PSUs and stock options* | **Outstanding Jan 1, 2023** | Exercised | Granted | Forfeited | Expired | **Outstanding Dec 31, 2023** |
|---|---|---|---|---|---|---|
| PSUs | 202,076 | - | - | (9,681) | - | **192,395** |
| Stock options | 52,676 | - | - | (6,911) | - | **45,765** |
| **Total ELTIP 2021** | **254,752** | **-** | **-** | **(16,592)** | **-** | **238,160** |
| PSUs | 353,685 | (16,000) | 17,000 | (11,554) | - | **343,131** |
| Stock options | 160,264 | - | - | (4,951) | - | **155,313** |
| **Total ELTIP 2022** | **513,949** | **(16,000)** | **17,000** | **(16,505)** | **-** | **498,444** |
| PSUs | - | - | 514,895 | - | - | **514,895** |
| SARs | - | - | 253,608 | - | - | **253,608** |
| **Total ELTIP 2023** | **-** | **-** | **768,503** | **-** | **-** | **768,503** |

During the year ended December 31, 2024, a total of 132,746 PSUs, 5,167 stock options, and 4,107 SARs under the ELTIP 2021, ELTIP 2022 and ELTIP 2023 equity rights plan were exercised with a weighted average share price at the date of exercise of CHF 9.48. During the year ended December 31, 2023, a total of 16,000 PSUs under the ELTIP 2022 equity rights plan were exercised with a weighted average share price at the date of exercise of CHF 8.91.

### *21.3 Board equity rights plans*

In June 2021, the Company adopted the Board Restricted Share Plan (BRSP) and its subsequent renewal; BRSP 2022, BRSP 2023, BSRP 2024. Under the BRSP, members of the Board are granted at least 50% of their annual

remuneration, as approved by the general meeting of shareholders of the Company, in Restricted Share Units (RSUs), valued at their fair market value based on the Share price at the grant date and other factors. Under the BRSP, annual RSU grants are made as of the day following the Company's annual general meeting of shareholders. In case of a termination of a participant's Board mandate, non-vested RSUs vest pro rata based upon the service period of the participant. If the participant has committed a severe breach of his/her duties or if he/she voluntarily resigns during the (one-year) term of his/her mandate, all of his/her RSUs are forfeited (unless the Board decides otherwise). In case of a termination by reason of disability, unvested RSUs continue to vest after termination of the mandate. In case of termination by reason of death, unvested RSUs vest immediately. Any existing period during which the transferability of the RSUs is limited will continue to run.

The tables below summarize the changes during the period and the total number of stock options, SARs and RSUs, collectively outstanding under each of these plans:

| *Number of stock option, SAR, RSU* | **Outstanding Jan 1, 2024** | Exercised | Granted | Forfeited | Expired | **Outstanding Dec 31, 2024** |
|---|---|---|---|---|---|---|
| BSOP 2015 | 1,356 | - | - | (728) | - | **628** |
| BSARP 2017 | 1,512 | - | - | - | - | **1,512** |
| BSARP 2018 | 6,266 | - | - | - | - | **6,266** |
| BSARP 2019 | 7,894 | - | - | - | - | **7,894** |
| BSARP 2020 | 16,533 | - | - | - | - | **16,533** |
| BRSP 2021 | 6,666 | (4,998) | - | (1,666) | - | **2** |
| BRSP 2022 | - | - | - | - | - | **-** |
| BSRP 2023 | 78,226 | (58,065) | - | - | - | **20,161** |
| BSRP 2024 | - | - | 40,529 | - | - | **40,529** |
| **Total** | **118,453** | **(63,063)** | **40,529** | **(2,394)** | **-** | **93,525** |

| *Number of stock option, SAR, RSU* | **Outstanding Jan 1, 2023** | Exercised | Granted | Forfeited | Expired | **Outstanding Dec 31, 2023** |
|---|---|---|---|---|---|---|
| BSOP 2015 | 1,356 | - | - | - | - | **1,356** |
| BSARP 2017 | 1,512 | - | - | - | - | **1,512** |
| BSARP 2018 | 6,266 | - | - | - | - | **6,266** |
| BSARP 2019 | 7,894 | - | - | - | - | **7,894** |
| BSARP 2020 | 16,533 | - | - | - | - | **16,533** |
| BRSP 2021 | 13,333 | (6,667) | - | - | - | **6,666** |
| BRSP 2022 | 37,692 | (40,014) | 3,091 | (769) | - | **-** |
| BSRP 2023 | - | - | 78,226 | - | - | **78,226** |
| **Total** | **84,586** | **(46,681)** | **81,317** | **(769)** | **-** | **118,453** |

During the year ended December 31, 2024, a total of 63,063 RSUs under the BRSP 2021 and BRSP 2023 equity rights plans were exercised with a weighted average share price at the date of exercise of CHF 8.53. During the year ended December 31, 2023, a total of 46,681 RSUs under the BRSP 2021 and BRSP 2022 equity rights plans were exercised with a weighted average share price at the date of exercise of CHF 8.24.

### *21.4 Terms of stock options outstanding*

The table below summarizes the terms of the total number of stock options outstanding under all plans

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| Exercise price range adjusted for reverse share split (CHF) | Number of stock options outstanding | Number of stock options exercisable | Weighted average remaining contractual life (years) | Number of stock options outstanding | Number of stock options exercisable | Weighted average remaining contractual life (years) |
| 8.40 to 8.42 | 459,501 | 408,500 | 7.00 | 477,616 | 375,213 | 8.00 |
| 13.50 to 27.30 | 49,185 | 42,060 | 6.13 | 45,764 | 29,124 | 7.10 |
| 38.90 to 45.30 | - | - | - | 1,750 | 1,750 | - |
| 222.50 | - | - | - | 455 | 455 | - |
| 693.00 | 1,265 | 1,265 | 1.00 | 1,265 | 1,265 | 2.00 |
| 821.00 to 1,145.00 | 16,897 | 16,897 | 1.00 | 21,462 | 21,462 | 1.72 |
| **Total** | **526,848** | **468,722** | **6.34** | **548,312** | **429,269** | **6.79** |

### *21.5 Terms of SARs, PSUs, RSUs outstanding*

The table below summarizes the terms of the total number of SARs, PSUs, and RSUs collectively outstanding under all plans:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| Exercise price range adjusted for reverse share split (CHF) | Number of SARs, PSUs, RSUs outstanding | Number of SARs, PSUs, RSUs exercisable | Weighted average remaining contractual life (years) | Number of SARs, PSUs, RSUs outstanding | Number of SARs, PSUs, RSUs exercisable | Weighted average remaining contractual life (years) |
| 0.00 | 1,437,591 | 574,101 | - | 1,135,310 | - | - |
| 8.40 | 241,525 | 82,453 | 8.00 | 253,608 | - | 9.00 |
| 8.51 to 10.5 | 234,184 | - | 9.00 | | | |
| 66.10 to 189.00 | 169,453 | 169,453 | 4.39 | 169,453 | 169,453 | 4.59 |
| 367.00 to 387.00 | 34,112 | 34,112 | 2.97 | 34,112 | 34,112 | 3.97 |
| 517.50 to 548.50 | 22,566 | 22,566 | 1.98 | 22,566 | 22,566 | 2.98 |
| 765.00 to 778.00 | 2,725 | 2,725 | 1.77 | 2,725 | 2,725 | 2.71 |
| **Total** | **2,142,156** | **885,410** | **6.07** | **1,617,774** | **228,856** | **5.02** |

### *21.6 Fair value of equity rights*

The fair value of the equity rights granted under all plans is measured on the grant date applying valuation models such as the Finnerty's average strike put option model for RSUs, Monte Carlo model for PSUs and the Black-Scholes model for stock options. The following are the parameters used at the valuation date:

| | 2024 | 2023 |
|---|---|---|
| Market price of stock | CHF 8.51 to CHF 10.83 | CHF 8.20 to CHF 8.70 |
| Exercise price | CHF 0.00 to CHF 10.50 | CHF 0.00 to CHF 8.40 |
| Weighted average fair value at grant date | CHF 3.95 to CHF 8.56 | CHF 6.20 to CHF 7.88 |
| Expected volatility (based on selected biotech companies) | 16.8% to 82.5% | 80% to 83% |
| Risk-free interest rate (spot rate, CHF) | 0.44% to 0.89% p.a. | 0.78% to 0.80% p.a. |
| Term | 1 to 10 years | 1 to 10 years |
| Expected dividend yield | 0% | 0% |

All equity rights granted under all plans are equity-settled and recognized as non-cash share-based compensation expense in the consolidated income statement over the period Santhera receives services.

## 22. Segment and Geographic Information

### *22.1 Revenue from contracts with customers*

The following table presents the Company's revenues from contracts with customers disaggregated by region.

| *In CHF thousands* | Europe | North America | Asia | **Total 2024** |
|---|---|---|---|---|
| Net sales | 14,970 | - | - | **14,970** |
| Revenue from outlicensing transactions | | | | |
| Upfront fees and milestones | - | - | 12,454 | **12,454** |
| Royalties | - | 4,470 | - | **4,470** |
| Net sales to licensing partner | - | 6,884 | 339 | **7,223** |
| **Revenue from contracts with customers** | **14,970** | **11,354** | **12,793** | **39,117** |

| | | | | **Total 2023** |
|---|---|---|---|---|
| Net sales | 792 | - | - | **792** |
| Revenue from outlicensing transactions | - | 98,002 | 1,921 | **99,923** |
| Net sales to licensing partner | 2,610 | 89 | - | **2,699** |
| **Revenue from contracts with customers** | **3,402** | **98,091** | **1,921** | **103,414** |

For the year 2024 net sales relate to the sale of AGAMREE in the E.U with the majority of the sales in Germany, representing about CHF 12.8 million. Under German pharmaceutical pricing policies, a clawback provision requires that for the second half of the first year of sales of a newly approved pharmaceutical product, the company must reimburse the difference between the initially set price and the final negotiated price with the government authority, ensuring alignment with the agreed-upon reimbursement rate. For the year 2024 the Group has recognized accruals for pricing reimbursements of CHF 3.5 million against net sales (refer to note 18). For 2023 net sales relate to Raxone for LHON direct sales in France.

Revenue from outlicensing transactions is comprised of royalty payments, as well as upfront and regulatory based milestone payments relating to the exclusive licensing agreements with Catalyst Pharmaceuticals, Inc.

and Sperogenix Therapeutics Limited for the development and commercialization rights to vamorolone for the treatment of DMD and all other rare disease indications in North America and Greater China, respectively.

Net sales to licensing partner relate to sales of AGAMREE to partners in North America and Southeast Asia, with the majority of sales generated in Italy during the year ending December 31, 2023 relating to Raxone. Following the sale of the idebenone business to Chiesi in 2023 no further sales will be made for Raxone.

### *22.2 Noncurrent assets (excluding financial instruments and deferred taxes)*

The following table presents the Company's noncurrent assets (excluding financial instruments and deferred tax assets) disaggregated by country.

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Switzerland | 71,498 | 74,519 |
| Netherlands | 18 | 29 |
| Total noncurrent assets (excluding financial instruments and deferred taxes) | **71,516** | **74,548** |

### *22.3 Contract liabilities*

Contract liabilities relate to advance/upfront payments received from distribution partners for which revenue is recognized over time as the performance obligations are satisfied. Additions for the year ending December 31, 2024 relate to contracts signed with new distribution partners in the year. The following table presents the Company's contract liabilities:

| *In CHF thousands* | **2024** |
|---|---|
| Additions (upfront payments received) | 1,982 |
| Amounts recognised as revenue | (1) |
| **Balance, December 31, 2024** | **1,981** |
| Current portion of contract liabilities | 56 |
| Noncurrent portion of contract liabilities | 1,925 |

## 23. Outlicensing Agreements with licensing partners

On June 19, 2023, Santhera entered into a License and Collaboration Agreement with Catalyst. Under the terms of the agreement, Santhera grants Catalyst exclusive development and commercialization rights to vamorolone for the treatment of DMD and all other rare disease indications in North America (U.S., Canada, Mexico and their territories and possessions), manufacturing rights, and the supply of product until the manufacturing transfer date. As consideration, Santhera;

- received a non-refundable initial payment of USD 75 million;
- is entitled to non-refundable contingent regulatory-based milestone payments of up to USD 176 million; and
- is entitled to non-refundable contingent sales-based milestone payments of up to USD 105 million, in addition tiered, from single- up to double-digit royalties on net sales.

Santhera assessed whether the performance obligation(s) promised in the agreement are distinct goods or services or represent a series of distinct goods or services to determine whether revenue is recognized at a point in time or when (or as) the performance obligation is satisfied. According to this assessment, Santhera identified the following distinct performance obligation:

- Santhera grants a right-to-use license to Catalyst for the development, commercialization, and manufacturing of vamorolone in the agreed territory. This performance obligation is satisfied at the point in time when Catalyst is granted the right-to-use license.

The regulatory-based milestone payments are contingent upon Santhera obtaining regulatory approval. Therefore, revenue is recognized when the regulatory milestones are achieved. For the sales-based milestone payments, as well as the further royalties on net sales, these considerations are contingent on Catalyst achieving sales milestones. As such, revenue for the sales-based milestone payments is recognized if and when the sales threshold is met, with the same exception as for the royalties.

## 24. Cost of Sales

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Direct cost of sales | 5,516 | 470 |
| Indirect cost of sales | 1,519 | 360 |
| Amortization of intangibles | 4,977 | 2,405 |
| Royalty expenses | 3,522 | - |
| **Total cost of sales** | **15,534** | **3,235** |

Cost of Sales (COS) for the Group includes expenses directly associated with the sale of pharmaceutical products. These costs are categorized into four key components:

- Direct cost of sales – Includes the cost of inventory sold during the period, encompassing manufacturing expenses, procurement costs, and other direct costs incurred to bring the product to market.
- Indirect cost of sales – Comprises distribution expenses, such as warehousing, logistics, and freight costs necessary to deliver pharmaceutical products to customers.

- Amortization of intangibles – Represents the periodic amortization of capitalized intangible assets related to acquired drug rights, reflecting the allocation of acquisition costs over the estimated useful life of the asset.
- Royalty expenses – Consists of payments made to the third-party licensors for the rights to sell and commercialize licensed pharmaceutical products, based on sales performance and other contractual terms.

## 25. Operating Expenses by Nature

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| External development expenses | 22,131 | 12,115 |
| Patent and license expenses | 167 | 331 |
| Marketing and sales expenses | 6,181 | 8,462 |
| Employee expenses | 17,965 | 17,394 |
| Share-based compensation | 3,973 | 5,990 |
| General and administrative expenses | 4,871 | 3,593 |
| Depreciation and amortization | 671 | 635 |
| Facility related and lease expenses | 268 | 282 |
| Other | 739 | 880 |
| Net gain on liquidation of entity | (41) | |
| Net gain on sale of idebenone business | - | (17,683) |
| **Total operating expenses** | **56,925** | **31,999** |

## 26. Employee Expenses and Benefits

### *26.1 Employee expenses*

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Wages and salaries | 14,489 | 14,107 |
| Social security and other personnel-related expenses | 3,072 | 3,173 |
| Pension plans expenses | 97 | 114 |
| Share-based compensation | 3,973 | 5,990 |
| **Total employee expenses** | **21,631** | **23,384** |
| | | |
| Average number of full-time equivalents throughout the year | 64.5 | 42.3 |
| Full-time equivalents at year-end | 78.5 | 44.8 |
| Total headcount at year-end | 85 | 56 |

Employees with part-time and full-time permanent working contracts are considered under full-time equivalents.

### *26.2 Pension plan*

In accordance with the Swiss pension fund law "Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision" (**OPA**), all employees of Santhera Pharmaceuticals Holding AG, and Santhera Pharmaceuticals (Schweiz) AG, both in Pratteln, Switzerland, have to be affiliated with a collective independent pension fund. These funds provide for retirement benefits, as well as risk benefits (death and disability). The plans qualify as defined benefit plans under IAS 19 *Employee Benefits* and the assets cannot revert to the employer. Contributions to the plans are such that the employee contributes 40% and the employer the rest. Contributions are computed as percentage of the salary, depending on age.

In order to manage these risks, since January 1, 2018, Santhera has an agreement with PKG Pensionskasse (**PKG**). PKG is responsible for the governance of the plan; its board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies. PKG has set up investment guidelines, defining the strategic allocation with margins. PKG has insured the risks of disability and death before retirement with PKRück AG, Vaduz, Fürstentum Liechtenstein. The accumulated savings capital is allocated to each insured individual and consists of annual contributions, savings credits and interest credits. In certain situations, additional payments or increased periodic contributions by the employer may become due based on the pension plan's funded status as measured under Swiss **OPA** rules.

The tables below present the respective calculations performed by an independent actuary:

*Changes in defined benefit obligations*

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Present value of obligation, January 1 | 22,788 | 17,529 |
| Current service cost | 1,107 | 994 |
| Past service cost | 1 | 195 |
| Interest cost | 311 | 344 |
| Employee contributions | 927 | 629 |
| Benefits paid / transfer payments | 2,428 | 1,384 |
| Insurance premiums | (211) | (146) |
| Remeasurements | 4,299 | 1,859 |
| **Present value of obligation, December 31** | **31,650** | **22,788** |
| | | |
| *Remeasurements:* | | |
| Effect of changes in demographic assumptions | - | 38 |
| Actuarial (gain)/loss due to changes in financial assumptions | 1,645 | 1,566 |
| Actuarial (gain)/loss due to experience adjustments | 2,654 | 255 |
| **Subtotal (gain)/loss** | **4,299** | **1,859** |
| (Return)/loss on plan assets, excluding interest income | (256) | (155) |
| **Total remeasurements in other comprehensive income (gain)/loss** | **4,043** | **1,704** |

*Changes in plan assets*

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Fair value of plan assets, January 1 | 18,930 | 15,685 |
| Interest income on assets | 268 | 321 |
| Employer contributions | 1,380 | 903 |
| Employee contributions | 927 | 628 |
| Benefits paid/transfer payments | 2,428 | 1,384 |
| Insurance premiums | (211) | (146) |
| Remeasurements (return/(loss) on plan assets, excluding interest income) | 256 | 155 |
| **Fair value of plan assets, December 31** | **23,978** | **18,930** |

*Net defined benefit asset/(obligation)*

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Present value of obligation | 31,650 | 22,788 |
| Fair value of plan assets | 23,978 | 18,930 |
| **Net defined benefit asset/(obligation)** | **(7,672)** | **(3,858)** |

*Plan asset allocation*

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Cash | 384 | 246 |
| Debt instruments | 9,472 | 7,686 |
| Equity instruments | 8,968 | 6,909 |
| Property | 4,676 | 3,710 |
| Others | 480 | 379 |
| **Total fair value of plan assets** | **23,980** | **18,930** |

*The weighted average assumptions to determine benefit obligations and defined benefit cost were as follows:*

| | **2024** | **2023** |
|---|---|---|
| Discount rate | 0.9% | 1.4% |
| Disability probabilities | 80% | 80% |
| Lump sum probabilities | 30% | 30% |
| Expected future salary increases | 2.3% | 2.5% |

The table below shows the impact that changes to key assumptions have on the defined benefit obligation and the gross (net) service cost as of the pension plan valuation date:

| *In CHF thousands* | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| Sensitivity analysis | Increase/decrease in assumption | Defined benefit obligation | Gross (net) service cost | Defined benefit obligation | Gross (net) service cost |
| Discount rate | +0.25% | (966) | (121) | (581) | (19) |
| | -0.25% | 1,032 | 129 | 611 | 21 |
| Salary | +0.25% | 211 | (32) | 112 | (15) |
| Life expectancy | +1 year | 557 | 44 | 366 | 20 |

*Mortality rate*

| | 2024 | 2023 |
|---|---|---|
| Mortality assumptions are based on the BVG 2020 generation table life expectancy at age 65 (in years): | | |
| Male | 23.0 | 22.7 |
| Female | 24.7 | 24.5 |

*Expected employer contributions, benefit obligations for the pensioners, duration of plan liabilities were as follows:*

| *In CHF thousands (except duration of plan liabilities)* | 2024 | 2023 |
|---|---|---|
| Expected employer contributions for the subsequent year | 1,674 | 990 |
| Benefit obligations for the pensioners | 3,997 | 3,822 |
| Duration of plan liabilities (in years) | 15.9 | 15.1 |

## 27. Financial Income/(Expense)

### *27.1 Financial income*

| *In CHF thousands* | 2024 | 2023 |
|---|---|---|
| Interest income on cash and cash equivalents | 929 | 506 |
| Realized and unrealized foreign exchange gains | 9,637 | 6,702 |
| Change in fair value of financial instruments | 1,051 | 11,464 |
| Gain on sale of financial assets | - | 679 |
| **Total financial income** | **11,617** | **19,351** |

### *27.2 Financial expense*

| *In CHF thousands* | 2024 | 2023 |
|---|---|---|
| Interest and make-whole expenses | (7,741) | (21,287) |
| Interest expense on lease liabilities | (35) | (27) |
| Change in fair value of financial instruments | (4,632) | (3,855) |
| Loss on modification of 2021/24 Private Bonds | (17) | (254) |
| Financing transaction costs | (937) | (102) |
| Realized and unrealized foreign exchange losses | (6,807) | (7,850) |
| **Total financial expense** | **(20,169)** | **(33,375)** |

## 28. Income Taxes

| *In CHF thousands* | 2024 | 2023 |
|---|---|---|
| Current income tax expense | (312) | (36) |
| Deferred tax expense | - | (2) |
| **Total income tax expense** | **(312)** | **(38)** |

The following is a theoretical reconciliation of income tax expense and the accounting profit multiplied by expected income tax rate of principal:

| *In CHF thousands* | 2024 | 2023 |
|---|---|---|
| Result before taxes | (41,662) | 54,820 |
| Tax expense at expected Group tax rate of 13.45% (2022: 13.45%) | 5,604 | (7,373) |
| Effect of tax rate difference Group versus local | (199) | (442) |
| Foreign withholding tax non-recoverable | (272) | (53) |
| Effect of nondeductible expenses | (534) | (619) |
| Tax exempt income | 228 | - |
| Utilization of previously unrecognized tax losses | 84 | 9,858 |
| Unrecognized deferred taxes | (5,223) | (1,409) |
| **Effective income tax expense** | **(312)** | **(38)** |

According to currently applicable Swiss tax law, the period to offset tax loss carryforwards against taxable profit is limited to seven years.

## 29. Net Result per Share

Basic earnings/(loss) per share is calculated by dividing the net profit/(net loss) attributable to equity holders by the weighted average number of Shares issued and outstanding during the reporting period, excluding shares held as treasury shares.

| *In CHF thousands (except share and per share data)* | **2024** | **2023** |
|---|---|---|
| Net result attributable to shareholders | (41,974) | 54,782 |
| Weighted average number of shares used in basic net result per share | 11,387,071 | 10,578,748 |
| Adjustment for assumed exercise of warrants and equity rights plans instruments, where dilutive | - | 344,908 |
| Weighted average number of shares used in diluted net result per share | 11,387,071 | 10,923,656 |
| **Basic net result per share** | **(3.69)** | **5.18** |
| **Diluted net result per share** | **(3.69)** | **5.01** |

Due to the loss for the year ending December 31, 2024 basic and diluted net result per share excludes Shares to be issued upon the future conversion of convertible bonds, share based compensation and warrants, as they would be anti-dilutive for the period presented. Any future conversions of the convertible bonds to Shares may have a dilutive effect on the basic net result per share in the future. For the period ending December 31, 2023, basic and diluted net result per share also excluded the future conversion of the Convertible Bonds, as they would have been anti-dilutive.

## 30. Transactions with Related Parties

### *30.1 Board and Executive Management compensation*

The Company's related parties include members of the Board and Executive Management. The table below presents the total Board and Executive Management compensation by compensation category:

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Short-term employee benefits (wages, salaries, allowances) | 3,379 | 3,089 |
| Post-employment benefits (pension fund and defined benefit contributions) | 993 | 834 |
| Share-based compensation | 2,818 | 3,081 |
| **Total Board and Executive Management compensation** | **7,190** | **7,004** |

Share-based compensation as disclosed in this note is based on fair values at the grant date of the equity right applying the parameters disclosed in Note 21.1.

### *30.2 Transactions with members of the Board and Executive Management*

For the years ended December 31, 2024 and December 31, 2023 there are no loans outstanding or guarantee commitments granted to members of the Board and Executive Management.

## 31. Risk Management Objectives and Policies

Santhera Pharmaceuticals Holding AG maintains a Group-wide corporate risk management system consisting of the areas corporate governance, financial internal controls and quality control / quality assurance.

On a regular basis, operational corporate risks are identified and their likelihood and impact assessed (gross risks). By defining and undertaking appropriate measures, these risks are managed accordingly to either reduce or avoid such risk (net risk). The results of this process are discussed at Board meetings.

Those risks as identified within the area of accounting and financial reporting as well as related control processes are further covered by the Company's Group-wide internal control system.

Santhera conducts development activities primarily in Switzerland, the EU, and the UK, and is exposed to a variety of financial risks, such as, but not limited to, foreign exchange rate risk, credit risk, liquidity risk, cash flow and interest rate risk. Part of Santhera's overall risk management focuses on financial risks and the unpredictability of financial markets seeking to minimize potential adverse effects on the financial performance of the Group. Special guidelines and policies approved by the Board exist for overall risk management, financial internal controls and treasury management and are monitored by the Executive Management and the Board on a regular basis. The risk of foreign exchange rate fluctuations on the expenses can partly be managed by entering into foreign exchange derivative contracts. In accordance with the relevant treasury guidelines, Santhera only concludes contracts with selected high-quality financial institutions of good reputation and is not allowed to engage in speculative transactions. In addition, Santhera's treasury guidelines limit the Group to engage in money market deposits or similar instruments with a maturity beyond 6 months.

### *31.1 Foreign currency exchange rate risk*

As of December 31, 2024, cash and cash equivalents predominantly consist of three major currencies; CHF, USD and EUR. As of December 31, 2023, cash and cash equivalents predominantly consist of two major currencies; CHF and USD. The following table demonstrates the sensitivity to a reasonable possible change in the exchange rate, with all other variables held constant on the Group's result before taxes. There is no impact on the Group's equity.

| *In CHF thousands* | | **2024** | **2023** |
|---|---|---|---|
| | Increase/decrease in volatility assumption | Effect on result before taxes | Effect on result before taxes |
| Exposure to cash and cash equivalents predominantly denominated in: | | USD & EUR | USD |
| Change in foreign currency rate | +5% | (1,918) | (1,415) |
| | -5% | 1,918 | 1,415 |

### *31.2 Interest rate risk*

Santhera earns interest income on cash and cash equivalents and its profit or loss may be influenced by changes in market interest rates. Santhera holds its cash on deposit/current accounts or invests cash through deposits in line with its treasury guidelines to meet its financial needs over time.

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, on the Group's result before taxes. There is no impact on the Group's equity.

| *In CHF thousands* | | **2024** | **2023** |
|---|---|---|---|
| | Increase/decrease in volatility assumption | Effect on result before taxes | Effect on result before taxes |
| Exposure to cash and cash equivalents: | | | |
| Change in interest rate | +50 basis points | (205) | (152) |
| | -50 basis points | 205 | 152 |

### *31.3 Credit risk*

Santhera has a certain concentration of credit risk. Short-term investments are invested as cash on deposit or in low-risk money market funds.

Santhera has policies in place to ensure that sales of products or entered partnerships are made to or entered with customers or partners with an appropriate credit history and a commitment to ethical business practices. The maximum credit risk exposure is limited to the carrying amount of its financial assets including derivatives. Santhera estimates its expected credit losses based on default probabilities and the ageing of outstanding invoices.

### *31.4 Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Currently, the Company is financed through equity and debt financing as disclosed in Note 12 and Note 13. Santhera calculates on a rolling basis the needs for aligning the current expenses against the need for optimized financial investments.

### *31.5 Contractual undiscounted cash flows for financial liabilities*

| *In CHF thousands* | **December 31, 2024** | | | | | |
|---|---|---|---|---|---|---|
| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total | Carrying value |
| Term loan | - | - | - | 35,000 | 35,000 | 31,729 |
| Royalty purchase agreement | - | - | 3,810 | 33,165 | 36,975 | 36,975 |
| Convertible bonds | - | - | 6,971 | - | 6,971 | 6,398 |
| Trade payables | - | 5,752 | - | - | 5,752 | 5,752 |
| Accrued expenses | - | 15,708 | - | - | 15,708 | 15,708 |
| Lease liabilities | - | 150 | 451 | 1,990 | 2,591 | 2,493 |
| **Total financial liabilities** | **-** | **21,610** | **11,232** | **70,155** | **102,997** | **99,055** |

| *In CHF thousands* | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total | Carrying value |
| Convertible bonds | - | - | 24,546 | - | 24,546 | 20,943 |
| Trade payables | - | 3,556 | - | - | 3,556 | 3,556 |
| Accrued expenses | - | 4,457 | - | - | 4,457 | 4,457 |
| Lease liabilities | - | 157 | 422 | 35 | 614 | 606 |
| **Total financial liabilities** | **-** | **8,170** | **24,968** | **35** | **33,173** | **29,562** |

### *31.6 Categories of financial instruments*

| *In CHF thousands* | December 31, 2024 | | | |
|---|---|---|---|---|
| | Carrying value | Financial assets at amortized cost | Financial liabilities at amortized cost | Financial liabilities at fair value through profit or loss |
| **Financial assets** | | | | |
| Financial assets long-term | 245 | 245 | - | - |
| Trade receivables, net | 13,885 | 13,885 | - | - |
| Cash and cash equivalents | 40,925 | 40,925 | - | - |
| **Total financial assets** | **55,055** | **55,055** | **-** | **-** |
| **Financial liabilities** | | | | |
| Term loan | 31,729 | - | 31,729 | - |
| Royalty purchase agreement | 36,975 | - | - | 36,975 |
| Convertible bonds | 6,398 | - | 6,398 | - |
| Derivative financial instruments | 4,539 | - | - | 4,539 |
| Warrant financial instruments | 4,290 | - | - | 4,290 |
| Noncurrent lease liabilities | 1,940 | - | 1,940 | - |
| Trade payables | 5,752 | - | 5,752 | - |
| Accrued expenses | 15,708 | - | 15,708 | - |
| Current lease liabilities | 553 | - | 553 | - |
| **Total financial liabilities** | **107,884** | **-** | **62,080** | **45,804** |

| *In CHF thousands* | December 31, 2023 | | | |
|---|---|---|---|---|
| | Carrying value | Financial assets at amortized cost | Financial liabilities at amortized cost | Financial liabilities at fair value through profit or loss |
| **Financial assets** | | | | |
| Financial assets long-term | 424 | 424 | - | - |
| Trade receivables, net | 2,155 | 2,155 | - | - |
| Cash and cash equivalents | 30,370 | 30,370 | - | - |
| **Total financial assets** | **32,949** | **32,949** | **-** | **-** |
| **Financial liabilities** | | | | |
| Convertible bonds | 20,943 | - | 20,943 | - |
| Derivative financial instruments | 5,255 | - | - | 5,255 |
| Warrant financial instruments | 3,513 | - | - | 3,513 |
| Noncurrent lease liabilities | 35 | - | 35 | - |
| Trade payables | 5,616 | - | 5,616 | - |
| Accrued expenses | 4,457 | - | 4,457 | - |
| Current lease liabilities | 571 | - | 571 | - |
| **Total financial liabilities** | **40,390** | **-** | **31,622** | **8,768** |

### *31.7 Capital management*

The first priority of Santhera's capital management is to provide adequate cash funds to ensure the financing of successful development and marketing activities so that future profits can be generated by gaining marketing authorization approvals for pharmaceutical products. As a company with currently only one marketed product, the capital management continues to be focused on the cash and cash equivalents position and is governed by specific Group treasury guidelines.

The funds raised in various private financing rounds, private placements, the sale of Shares by an independent broker, convertible bonds, Exchangeable Notes as well as funds generated through product sales and revenue from licensing provided financing for the Group.

During the years ending December 31, 2024 and December 31, 2023, there were no changes in goals and policies of the treasury management.

## 32. Events after the Reporting Date

In January 2025, the Company entered into a distribution agreement with Clinigen Group for AGAMREE for the treatment of Duchenne muscular dystrophy (DMD) in worldwide markets in which Santhera is not directly represented or while negotiations with local partners are ongoing.

In February 2025, an agreement was reached with the German National Association of Statutory Health Insurance Funds (GKV-SV) on the reimbursement of AGAMREE for the treatment of DMD. The agreement established an ex-factory price of EUR 3,612.50 per 100ml bottle, applied retrospectively six months after the initial sale, leading to an accrual for pricing reimbursement of CHF 3.5 million, as shown in note 22.1.

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To the General Meeting of
Santhera Pharmaceuticals Holding Ltd, Pratteln

Basel, 28 April 2025

# Report of the statutory auditor

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Santhera Pharmaceuticals Holding Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 34 to 89) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 2.3 of the consolidated financial statements, which indicates that the Group's ability to meet its financial obligations is dependent on earning sufficient revenues or raising external financing. As stated in note 2.3, these events or conditions, along with other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the Material uncertainty related to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

**Accounting treatment and valuation of financing transactions**

**Risk**

In 2024, the Group entered into complex new financing arrangements as well as modifying the terms of existing arrangements.

The Group signed an agreement with Highbridge for a new term loan and received CHF 34.3 million in cash (net of 2% discount on the loan). The term loan matures in August 2028. As at 31 December 2024, the carrying value of the loan is CHF 31.7 million and the value of the related derivative linked to the interest rate floor amounts to CHF 2.2 million.

In 2024, the Group closed a royalty purchase agreement and received an upfront payment of CHF 25.6 million in exchange for 75% of the future royalties on sales of AGAMREE in the US and China. The maximum and minimum of the repayment is capped and the agreement contains an early buy-out option. The Group elected to classify the liability at fair value through profit or loss and recorded a deferred loss of CHF 9.0 million at initial recognition. The fair value of the financial liability amounted to CHF 37.0 million and the deferred loss was amortized to CHF 8.0 million as at 31 December 2024.

The Group also extended the maturity of the private convertible bond of CHF 7 million nominal value by one year until August 2025. As at 31 December 2024, the carrying amount of the private convertible bond amounted to CHF 6.4 million and the value of the related derivative amounted to CHF 2.3 million.

Further, to cover the issuance, amendment and commitment fees for financing transactions, in 2021, 2023 and 2024, the Group issued warrants of which CHF 1 million were converted into shares in 2024 with the remaining warrants being fair valued at CHF 4.3 million as at 31 December 2024.

| | |
|---|---|
| | These financing transactions are considered a key audit matter based on the magnitude of the transaction values, the complexity of the accounting treatment and the inherent judgment in the valuation of level 3 fair value financial instruments.<br><br>*Refer to note 2 "Accounting Policies", note 3 "Critical Accounting Estimates, Assumptions and Judgments", and note 13 "Financial liabilities".* |
| **Our audit response** | We analyzed the underlying contractual agreements and the accounting position papers prepared by management and management's specialists. We evaluated the appropriateness of the accounting treatment under the requirements of IAS 32, IFRS 7, IFRS 9 and IFRS 13. We assessed the valuation approach and the reasonableness of the assumptions applied to determine the value of the financial instruments. We involved internal valuation specialists to audit the valuation of the financial liabilities. We further evaluated sensitivities in the valuation of the warrants, the derivatives and the financial liabilities resulting from changes to key assumptions applied as well as the presentation and disclosure of the financing arrangements.<br>Our audit procedures did not lead to any reservations regarding the accounting and valuation for these financing transactions in 2024. |

**Impairment assessment of intangible asset**

| | |
|---|---|
| **Risk** | The Group has capitalized an intangible asset "Vamorolone" in an amount of CHF 68.8 million. The intangible asset became available for use upon FDA approval in 2023. The Group performed an impairment test to support the recoverability of the asset.<br>The impairment assessment of the intangible asset is a key audit matter based on the magnitude of the balance and the inherent judgment in the respective model and assumptions used as part of management's impairment assessment, especially those related to the timing and magnitude of future cash flows and to the determination of the respective discount rate.<br><br>*Refer to note 2 "Accounting Policies", note 3 "Critical Accounting Estimates, Assumptions and Judgments", and note 7 "Intangible Assets Impairment Assessment".* |
| **Our audit response** | We evaluated the Group's valuation model for the intangible asset and analyzed the underlying key assumptions and discount rates.<br>We assessed the assumptions regarding future revenues and margins, and we evaluated sensitivity in the valuation resulting from changes to the key assumptions applied. With respect to the discount rates applied, we evaluated the reasonableness of the discount rates determined by management by assessing the cost of capital for the Group and comparable organizations, as well as considering territory specific factors.<br>Our audit procedures did not lead to any reservations regarding the measurement of intangible assets. |

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**Other information**
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Board of Directors' responsibilities for the consolidated financial statements**
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



**Auditor's responsibilities for the audit of the consolidated financial statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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## Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Martin Mattes
Licensed audit expert
(Auditor in charge)

/s/ Diana Vejina
FCCA

# Statutory Financial Statements of Santhera Pharmaceuticals Holding AG

## Contents

# Balance Sheet

| *In CHF thousands* | Notes | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | 177 | 1,223 |
| Receivables from third parties | | 75 | 118 |
| Receivables from shareholdings | | 2,638 | 424 |
| Prepaid expenses | | 39 | 68 |
| **Current assets** | | **2,929** | **1,833** |
| Loans to shareholdings[1] | 3.1 | 168,525 | 168,609 |
| Investments in shareholdings | 3.2 | 400 | 401 |
| **Noncurrent assets** | | **168,925** | **169,010** |
| **Total assets** | | **171,854** | **170,843** |
| **Liabilities and equity** | | | |
| Trade accounts payable to third parties | | 106 | 94 |
| Other current liabilities to third parties | | 1,988 | 1,653 |
| Other current liabilities to shareholdings | | 19,301 | 250 |
| Senior unsecured convertible bonds[2] | 3.3 | 6,971 | 24,546 |
| Accrued expenses | | 1,318 | 1,747 |
| **Current liabilities** | | **29,684** | **28,290** |
| **Total liabilities** | | **29,684** | **28,290** |
| Share capital | 3.4 | 1,343 | 1,262 |
| Statutory capital reserves: | | | |
| *Reserves from capital contributions*[3] | | *89,284* | *82,014* |
| *Other capital reserves* | | *2,349* | *2,422* |
| Total statutory capital reserves | | 91,633 | 84,436 |
| Other voluntary reserves (free reserves) | | 56,986 | 66,100 |
| Accumulated losses: | | | |
| *Net result for the period* | | *(7,727)* | *(9,114)* |
| Total accumulated losses | | (7,727) | (9,114) |
| Treasury shares | 3.5 | (65) | (131) |
| **Total equity** | | **142,170** | **142,553** |
| **Total liabilities and equity** | | **171,854** | **170,843** |

1. Non-interest bearing
2. Interest bearing
3. Value as per December 31, 2023 and 2024, to be confirmed by Swiss Federal Tax Administration.

# Income Statement

| *In CHF thousands* | Notes | Year ended December 31, 2024 | 2023 |
|---|---|---|---|
| General and administrative expenses | 3.6 | (5,274) | (7,683) |
| **Total operating expenses** | | **(5,274)** | **(7,683)** |
| **Operating result** | | **(5,274)** | **(7,683)** |
| Financial income | | 27 | 793 |
| Financial expenses | | (2,480) | (2,224) |
| **Financial result** | | **(2,453)** | **(1,431)** |
| **Result before taxes** | | **(7,727)** | **(9,114)** |
| Direct taxes | | - | - |
| **Net result** | | **(7,727)** | **(9,114)** |

# Notes to the Statutory Financial Statements

## 1. Introduction

Santhera Pharmaceuticals Holding AG (the **Company**, together with its subsidiaries **Santhera** or **Group**) is the parent company of the Santhera Group. Group companies include all legal entities which are directly or indirectly owned and controlled by the Company. The Company, having the listing of its registered shares (**Shares**) on the SIX Swiss Exchange (SIX), is a Swiss stock corporation. Its purpose is to acquire, dispose and manage investments. The Company has its registered offices at Hohenrainstrasse 24, 4133 Pratteln, Switzerland.

## 2. Summary of Significant Accounting Policies

### *2.1 Basis of presentation*

The statutory financial statements of the Company are prepared in accordance with the principles set out in the Swiss Code of Obligations (**CO**). Since Santhera prepares consolidated financial statements in accordance with the International Financial Reporting Standards (**IFRS Accounting Standards**) as issued by the International Accounting Standards Board (**IASB**), the Company has applied the exemption included in the CO article 961d, para. 1, thereby electing to forego presenting a statement of cash flows, the additional disclosures, and the management report otherwise required by the CO.

The presentation currency is Swiss francs (CHF). Amounts shown are rounded to the nearest CHF 1,000 unless otherwise indicated.

### *2.2 Material uncertainties to continue operations*

The financial statements have been prepared under the going concern basis, which assumes that the entity will continue to operate for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

During 2024, the Company's subsidiary secured additional funding totalling CHF 69 million, comprising a CHF 35 million term loan with no repayments due until 2027 and a royalty purchase arrangement. As of December 31, 2024, there was cash and cash equivalents on hand of CHF 41 million. Management’s forecasts indicate that this funding, combined with projected revenue growth, provides sufficient liquidity to support operations through to the anticipated break-even point in mid-2026.

Management has assessed the entity's ability to continue as a going concern in a number of scenarios and believes that there are some plausible downside risks due to unplanned events that may cast doubt upon the entity's ability to continue as a going concern if they were to transpire.

These downside risks include:

- If the CHF 7 million convertible bond which is due to mature in 2025, were not converted due to either a significant drop in share price or at the will of the bondholder.
- Sales growth in existing markets and growth expected in new markets for AGAMREE was significantly below current expectations.
- Pricing and launch timings in new markets was significantly below or later than currently expected.

If several of the downside risk scenarios described above were to occur and the Company and its subsidiaries were unable to secure additional revenues or external financing, it has been assessed that it would not be able to generate sufficient cash flows to support its current level of activities in the period of assessment. The above situation therefore gives rise to a material uncertainly, related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

In arriving at the overall assessment the Directors have taken in account the following:

- The subsidiary companies have launched its product in Germany and Austria, with approximately 350 patients on treatment as of the end of 2024.
- Expansion into additional markets, including the UK, Spain, Italy, and the Nordics, is planned for 2025, with patient numbers forecasted to grow to significantly by the end of 2025.
- While reimbursement pricing in new markets remains to be finalized, management believes its pricing assumptions are conservative and achievable.
- The CHF 7 million convertible bond is currently trading 40% above the conversion share price.

As part of the assessment, the Directors have considered the financial projections of the Company together with other relevant market conditions generally and those specifically affecting the pharmaceutical industry. Based on these considerations, the Directors have a reasonable expectation that the Company has adequate financial and other resources to continue in operational existence and will be able to meet its liabilities due over the going concern assessment period and support operations to expected cash break-even in mid 2026. For this reason the Directors consider it appropriate to apply the going concern basis in preparing the financial statements.

***2.3 Cash***

Cash balances held primarily in Swiss francs include cash deposits in demand bank accounts, money market investment accounts and other liquid investments, and any interest earned on such cash balances.

***2.4 Financial assets, short-term***

Financial assets (units in a fund) are held for trading and measured at fair value. Gains and losses arising from such financial assets are recognized in the income statement as financial income or financial expense.

***2.5 Current assets and liabilities***

Current assets are recorded at historical cost less adjustments for impairment of value. Current liabilities are recorded at historical cost.

***2.6 Loans to shareholdings***

Loans to shareholdings are valued at their acquisition cost adjusted for any impairment losses.

***2.7 Investments in shareholdings***

Investments in shareholdings are recorded at acquisition cost less adjustments for impairment of value. Investments in shareholdings are evaluated for impairment annually and any impairment loss is recorded when the carrying amount of such assets exceeds the fair value. Fair value estimates of investments in shareholdings are predominantly based on the income approach.

### *2.8 Convertible bonds*

Convertible bonds are presented at nominal value.

### *2.9 Treasury shares*

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. Treasury shares held are intended to be used for financing transactions and share-based compensation. Santhera may also hold treasury shares for market making, for which is managed by an external bank. The gains or losses from market making are recognized in the income statement as financial income or financial expense.

### *2.10 Related parties*

In the meaning of the CO, related parties are only considered to be shareholders, shareholdings, and the Board of Directors.

## 3. Information on Balance Sheet and Income Statement Items

### *3.1 Loans to shareholdings*

Loans are granted to shareholdings primarily to fund the development and marketing activities of the Santhera Group. As of December 31, 2024, loans to shareholdings total CHF 341 million. As of December 31, 2023, loans to shareholdings totaled CHF 341 million. All loans to shareholdings during 2024 and 2023 have been subordinated.

As part of the annual impairment reassessment as of December 31, 2024, the Executive Management concluded that approximately 49% of the total balance of loans to shareholdings is recoverable considering a positive outlook, in terms of AGAMREE's market success for DMD.

### *3.2 Investments in shareholdings*

The following companies are direct subsidiaries of Santhera Pharmaceuticals Holding AG, with 100% ownership and 100% voting rights:

| *Share capital nominal value* | | | **2024** | **2023** |
|---|---|---|---|---|
| Direct subsidiary of Santhera Pharmaceuticals Holding AG: | | Currency | | |
| Santhera Pharmaceuticals (Schweiz) AG<br>Pratteln, Switzerland | Active | CHF | 125,000 | 125,000 |
| Santhera Pharmaceuticals (Deutschland) GmbH<br>Lörrach, Germany | Active | EUR | 25,000 | 25,000 |
| Santhera Pharmaceuticals (USA), Inc.<br>Burlington, Massachusetts, USA | Liquidated | USD | - | 1,000 |
| Santhera Pharmaceuticals (Canada), Inc.<br>Montréal, Canada | Liquidated | CAD | - | 1,000 |

Santhera Pharmaceuticals (Schweiz) AG is the primary operational entity while Santhera Pharmaceuticals (Deutschland) GmbH holds the market authorizations for the European Union. Santhera Pharmaceuticals (USA), Inc., which is not employing any personnel, was liquidated in 2024. The liquidations of Santhera Pharmaceuticals (Canada), Inc. and Oy Santhera Pharmaceuticals (Finland) Ltd, which were not employing

any personnel, were finalized in 2023. The investments in Santhera Pharmaceuticals (Canada), Inc. and Oy Santhera Pharmaceuticals (Finland) Ltd were impaired in 2022. The investment in Santhera Pharmaceuticals (USA), Inc. has been impaired in 2023.

The following companies are direct subsidiaries of Santhera Pharmaceuticals (Schweiz) AG, with 100% ownership and 100% voting rights:

| *Share capital nominal value* | | | **2024** | **2023** |
|---|---|---|---|---|
| Direct subsidiary of Santhera Pharmaceuticals (Schweiz) AG: | | Currency | | |
| Santhera Pharmaceuticals (Liechtenstein) AG<br>Ruggell, Fürstentum Liechtenstein | Active | CHF | 50,000 | 50,000 |
| Santhera (Italy) S.r.l.<br>Milano, Italy | Liquidated | EUR | - | 50,000 |
| Santhera (Germany) GmbH<br>München, Germany | Active | EUR | 50,000 | 50,000 |
| Santhera (Netherlands) B.V.<br>Nieuwegein, The Netherlands | Active | EUR | 50,000 | 50,000 |
| Santhera (UK) Limited<br>London, United Kingdom | Active | GBP | 50,000 | 50,000 |
| Santhera Pharmaceuticals (Spain), S.L.U<br>Bilbao, Spain | Active | EUR | 50,000 | 50,000 |
| Santhera Pharmaceuticals (Italy) S.R.L<br>Milano, Italy | Active | EUR | 50,000 | - |

Santhera (Italy) S.r.l., which was not employing any personnel, was voluntarily liquidated with the dissolution finalized in March 2024.

### *3.3 Senior unsecured convertible bonds*

The following table summarizes the nominal values of the senior unsecured convertible bonds outstanding:

| *In CHF thousands* | | | | | **2024** | **2023** |
|---|---|---|---|---|---|---|
| | Offering | Currency | Interest | Maturity | Nominal value | Nominal value |
| 2021/24 Bonds<br>(ISIN: CH0563348744) | Public | CHF | 7.5% | Aug 17, 2024 | - | 13,547 |
| 2021/24 Private Bonds | Private | CHF | 7.5% | Aug 17, 2025 | 6,971 | 10,999 |
| **Total current convertible bonds** | | | | | **6,971** | **24,546** |

### *3.4 Share capital*

At the AGM held on June 27, 2023, the shareholders approved a reverse share split in the ratio of 10:1. The reverse share split was completed on July 3, 2023. All share data presented in these financial statements reflect the effects of the reverse share split, unless otherwise indicated. The new shares issued following the reverse stock split, in June 2023 have a new International Securities Identification Number (**ISIN**) while the existing shares held prior to the reverse stock split have been canceled.

As announced on February 28, 2023, through a private placement to Highbridge Capital Management LLC, the Company issued 3 million Shares at CHF 0.75 per Share for total proceeds of CHF 2.2 million.

As announced on June 20, 2023, in connection with the License and Collaboration Agreement with Catalyst Pharmaceuticals, Inc. (**Catalyst**), a commercial-stage biopharmaceutical company focused on novel medicines for patients living with rare diseases, Santhera and Catalyst entered into an Investment Agreement of even date, whereby the Company issued 1,414,688 Shares at CHF 9.477 per Share for total proceeds of CHF 13.4 million (**Investment Funds**). The use of the Investment Funds shall be solely to fund the costs of any Phase 4 Program Activities related to vamorolone for the initial indication and/or to fund future development of additional indications that the parties mutually agree to. See Note 23 in the consolidated financial statements for more information on the outlicensing transaction with Catalyst.

During the year ended December 31, 2024, a total of 800,000 new Shares were issued for financing transactions. As of December 31, 2024, issued share capital totals CHF 1,343,334.30, consisting of 13,433,343 Shares with a nominal value of CHF 0.10 each. As of December 31, 2023, issued share capital totaled CHF 1,262,037.60, consisting of 12,620,376 Shares with a nominal value of CHF 0.10 each.

As of December 31, 2024, the Company held a capital band between CHF 630,000.00 (lower limit) and CHF 1,860,000.00 (upper limit). Within the range of the capital band, the board of directors is authorized to increase the share capital in any amount once or several times until June 26, 2028.

### *3.5 Treasury shares*

The table below summarizes the changes in treasury shares:

| *In CHF thousands (except share data)* | **2024** | | **2023** | |
|---|---|---|---|---|
| | No. of shares | Nominal value (CHF 0.10) | No. of shares | Nominal value (CHF 0.10) |
| Balance, January 1 | 1,305,168 | 131 | 943,802 | 94 |
| Shares created to be held as treasury shares | 800,000 | 80 | 4,923,097 | 492 |
| Shares delivered for financing transactions | (1,015,547) | (102) | (4,562,342) | (456) |
| Shares delivered for share-based compensation | (442,035) | (44) | | |
| Adjustment for reverse share split, rounding | - | - | 611 | 1 |
| **Balance, December 31** | **647,586** | **65** | **1,305,168** | **131** |

### *3.6 General and administrative expenses*

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Administrative expenses | 1,951 | 1,508 |
| Personnel expenses | 101 | 348 |
| Consulting expenses | 3,222 | 5,827 |
| **Total general and administrative expenses** | **5,274** | **7,683** |

# 4. Other Information

### *4.1 Full-time equivalents*

The number of full-time equivalents at period end was not above 10 in 2024 and 2023.

### *4.2 Registered shares and significant shareholders (>5%)*

Pursuant to information from the Company's share register and the disclosure of participations made to the Company in accordance with applicable stock exchange regulation, the following shareholder(s) hold 5% or more of the Company's share capital:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | No. of shares | % of share capital | No. of shares | % of share capital |
| Catalyst Pharmaceuticals, Inc., Coral Gables, Florida, USA | 1,414,688 | 10.53% | 1,414,688 | 11.21% |
| Idorsia Pharmaceuticals Ltd, Allschwil, Switzerland | 1,301,128 | 9.69% | 1,301,128 | 10.31% |

### *4.3 Shareholdings of the members of the Board and the Executive Management*

| *Number of shares* | **2024** | **2023** |
|---|---|---|
| Members of the Board: | | |
| Thomas Meier | 48,878 | 31,083 |
| Philipp Gutzwiller | 22,928 | 13,497 |
| Bradley Meyer (from June 27, 2023) | 19,422 | 3,091 |
| Otto Schwarz (from June 27, 2023) | 13,911 | - |
| **Total shares held by members of the Board** | **105,139** | **47,671** |
| Executive Management: | | |
| Dario Eklund | 110,526 | 4,500 |
| Andrew Smith | 47,704 | - |
| Shabir Hasham (from May 1, 2022) | 46,850 | 2,646 |
| Oliver Kronenberg | 6,380 | - |
| Marc Schrader | 4,480 | - |
| Geert Jan van Daal | 4,666 | - |
| Günther Metz | - | 1,000 |
| **Total shares held by the Executive Management** | **220,606** | **8,146** |

### *4.4 Equity rights granted to members of the Board*

The tables below summarize the equity rights granted under all equity rights plans to the members of the Board that remain outstanding and that are vested and unvested:

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| *Members of the Board* | **No. of Stock Options** | | **No. of SARs [a]** | | **No. of RSUs [b]** | |
| | **Vested** | **Unvested** | **Vested** | **Unvested** | **Vested** | **Unvested** |
| Thomas Meier | 1,487 | - | 11,471 | - | 17,795 | 13,623 |
| Philipp Gutzwiller | - | - | 6,179 | - | 13,360 | 9,877 |
| Bradley Meyer | - | - | - | - | 16,331 | 20,083 |
| Otto Schwarz | - | - | - | - | 13,911 | 17,107 |
| **Total** | **1,487** | **-** | **17,650** | **-** | **61,397** | **60,690** |

| | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| *Members of the Board* | **No. of Stock Options** | | **No. of SARs [a]** | | **No. of RSUs [b]** | |
| | **Vested** | **Unvested** | **Vested** | **Unvested** | **Vested** | **Unvested** |
| Thomas Meier | 1,487 | - | 11,471 | - | 18,759 | 21,129 |
| Philipp Gutzwiller | - | - | 6,179 | - | 14,778 | 16,694 |
| Bradley Meyer | - | - | - | - | - | 27,218 |
| Otto Schwarz | - | - | - | - | - | 23,185 |
| **Total** | **1,487** | **-** | **17,650** | **-** | **33,537** | **88,226** |

### *4.5 Equity rights granted to Executive Management*

The tables below summarize the equity rights granted under all equity rights plans to Executive Management that remain outstanding and that are vested and unvested:

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| *Executive Management* | **No. of Stock Options** | | **No. of SARs [b]** | | **No. of PSUs [c]** | |
| | **Vested** | **Unvested** | **Vested** | **Unvested** | **Vested** | **Unvested** |
| Dario Eklund | 111,062 | 8,028 | 30,296 | 57,705 | - | 149,377 |
| Andrew Smith | 62,619 | 5,138 | 24,035 | 38,022 | - | 98,175 |
| Shabir Hasham | 28,327 | 4,893 | 14,708 | 34,472 | - | 89,511 |
| Oliver Kronenberg | - | - | - | 21,750 | - | 65,650 |
| Marc Schrader | - | - | 3,806 | 24,828 | - | 55,590 |
| Geer Jan van Daal | 16,315 | 1,457 | 8,658 | 24,132 | - | 57,442 |
| **Total** | **218,323** | **19,516** | **81,503** | **200,909** | **-** | **515,745** |

| | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| *Executive Management* | No. of Stock Options | | No. of SARs [b] | | No. of PSUs [c] | |
| | Vested | Unvested | Vested | Unvested | Vested | Unvested |
| Dario Eklund | 101,569 | 17,521 | 18,424 | 35,977 | - | 168,505 |
| Andrew Smith | 56,441 | 11,316 | 16,213 | 23,704 | - | 108,924 |
| Shabir Hasham | 22,999 | 10,221 | 7,614 | 21,496 | - | 83,099 |
| Günther Metz | 40,617 | 10,512 | 9,462 | 21,374 | - | 86,673 |
| Oliver Strub | 37,555 | 10,512 | 9,624 | 21,374 | - | 86,673 |
| **Total** | **259,181** | **60,082** | **61,337** | **123,925** | **-** | **533,874** |

[a] Share Appreciation Rights (**SARs**)

[b] Restricted Share Units (**RSUs**)

[c] Performance Share Units (**PSUs**) - Effective January 1, 2024, the presentation of the number of vested PSUs is subject to the achievement of both the specific performance targets and the predetermined vesting period. The prior year number of vested PSUs have been reclassified to conform to the current year presentation.

***4.6 Fair value of equity rights granted to members of the Board and employees***

The table below presents the total equity rights granted under all equity rights plans during the years ended December 31, 2024 and December 31, 2023 and the respective fair value at the grant date summarized by grants made to the members of the Board and employees:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Equity Rights Granted | Fair Value | Equity Rights Granted | Fair Value |
| | (Quantity) | (CHF 1,000s) | (Quantity) | (CHF 1,000s) |
| Board of Directors | 40,529 | 298 | 78,226 | 456 |
| Employees: | | | | |
| Executive Management | 541,708 | 2,555 | 375,530 | 2,458 |
| Other employees | 361,706 | 1,863 | 409,973 | 2,597 |
| **Total** | **943,943** | **4,716** | **863,729** | **5,511** |

The fair values presented are theoretical values and do not reflect income tax values. For information about the underlying equity rights plans, see Note 21 "Equity Rights Plans" of the consolidated financial statements included in the Annual Report 2024 on page 71.

### *4.7 Contingencies and guarantees*

*Guarantee towards Swiss VAT authorities*

The Company is part of the value-added tax group of the Swiss affiliated companies of Santhera Pharmaceuticals and is therefore jointly and severally liable to the Swiss federal tax administration for their value-added tax liabilities.

*Guarantee towards Santhera Pharmaceuticals (Schweiz) AG*

The Company guarantees to pay for the liabilities of its subsidiary Santhera Pharmaceuticals (Schweiz) AG until the Annual General Meeting in 2025.

## 5. Events after the Reporting Date

In January 2025, the Company's subsidiary entered into a distribution agreement with Clinigen Group for AGAMREE for the treatment of Duchenne muscular dystrophy (DMD) in worldwide markets in which Santhera is not directly represented or while negotiations with local partners are ongoing.

In February 2025, an agreement was reached with the German National Association of Statutory Health Insurance Funds (GKV-SV) on the reimbursement of AGAMREE for the treatment of DMD. The agreement established an ex-factory price of EUR 3,612.50 per 100ml bottle, applied retrospectively six months after the initial sale, leading to an accrual for pricing reimbursement of CHF 3.5 million.

In April 2025, the Company waived the subordinated loan receivable from its main operating subsidiary, Santhera Pharmaceuticals (Schweiz) AG. The waiver was undertaken to offset accumulated losses and restore the subsidiary’s equity position, which had become over-indebted as a result of ongoing losses funded by the Company since inception. As at December 31, 2024, the nominal value of the loan amounted to CHF 341 million. The loan had previously been impaired and was recorded in the Company’s balance sheet at CHF 168 million (see note 3.1). Following the waiver, the amount of CHF 168 million will be included as investments in shareholdings.

# Mandatory Offset of Accumulated Losses Pursuant to art, 674 CO:

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Other voluntary reserves (free reserves) | 56,986 | 66,100 |
| Mandatory offset of accumulated losses | (7,727) | (9,114) |
| **Other voluntary reserves (free reserves) to be carried forward** | **49,259** | **56,986** |

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To the General Meeting of
Santhera Pharmaceuticals Holding Ltd, Pratteln

Basel, 28 April 2025

# Report of the statutory auditor

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Santhera Pharmaceuticals Holding Ltd (the Company), which comprise the balance sheet as at 31 December 2024, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 96 to 106) comply with Swiss law and the Company's articles of incorporation.

### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 2.2 of the financial statements, which indicates that the Company's ability to meet its financial obligations is dependent on subsidiaries earning sufficient revenues or raising external financing. As stated in note 2.2, these events or conditions, along with other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements.

**Valuation of investments in and long-term receivables from shareholdings**

| | |
|---|---|
| **Risk** | Santhera Pharmaceuticals Holding Ltd holds investments in subsidiaries and grants loans to subsidiaries for financing purposes, both of which are assessed for impairment as of the balance sheet date. Management's assessment requires estimation and judgment around assumptions used, including prospective financial information, probability of success (e.g., obtaining regulatory approvals for a drug), and discount rates. Changes to assumptions could lead to significant changes in the estimated recoverable amount, impacting both potential impairment charges as well as potential reversals of impairment. As such, we considered this matter to be significant to our audit.<br><br>*Refer to note 3.1 and 3.2 related to the investment in and the long-term receivables from shareholdings.* |
| **Our audit response** | We evaluated management's impairment assessment, which is based on an income approach, and analyzed the underlying key assumptions in relation to prospective financial information, probability of success, as well as discount rates used. We evaluated the historical accuracy of the Group's previous estimates on prospective financial information. We tested the sensitivity of the assessment due to changes to key assumptions and compared these assumptions to externally available information in order to assess management's impairment conclusion. Our audit procedures did not lead to any reservations regarding the valuation of investments and long-term receivables from shareholdings. |



**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Board of Directors' responsibilities for the financial statements**
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

## Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Martin Mattes
Licensed audit expert
(Auditor in charge)

/s/ Diana Vejina
FCCA

# Governance

# Compensation Report

## Contents

## Letter from the Chairman of the Nomination & Compensation Committee

Dear Shareholders,

As Chairman of the Nomination & Compensation Committee (NCC), I am pleased to present the 2024 Compensation Report. This report, prepared in accordance with the Swiss Code of Obligations, SIX Exchange Regulation, the Swiss Code of Best Practice, and Santhera's Articles of Incorporation, details our approach to compensation and the key decisions regarding the compensation of the Board of Directors and the Executive Committee during the year.

**2024 Say-on-Pay Outcomes**

At the 2024 Annual General Meeting (AGM), shareholders demonstrated strong support for our compensation proposals, with approval rates of 92.5% for the Board of Directors' maximum compensation, 86.8% for the Executive Committee's fixed compensation, 90.9% for short-term variable compensation, and 82.3% for long-term variable compensation. The consultative vote on the 2023 Compensation Report received 85.7% approval.

These results affirm shareholder confidence in our balanced and transparent compensation framework. Maintaining this trust remains a priority, and we value the constructive dialogue with shareholders and proxy advisors throughout the year, which helps refine our practices and address evolving expectations.

**2024 Performance Review**

Building on three regulatory approvals—in the United States, European Union, and United Kingdom—for AGAMREE® (vamorolone) and market entry and product launches, the past year marked a transformational period for Santhera. We made significant strides in executing our strategic priorities, with key milestones that reinforced our trajectory toward long-term growth and profitability.

One of the most notable achievements was the successful commercial launch of AGAMREE® in Germany, where we saw strong early uptake. Across Europe, we continued pricing and reimbursement negotiations to ensure broad patient access. In North America, our strategic partnership with Catalyst Pharmaceuticals facilitated AGAMREE®'s U.S. launch, providing a robust commercial foundation for future growth. These efforts collectively position Santhera on the path to profitability by mid-2026, driven by disciplined execution and market expansion.

Beyond commercial progress, we strengthened our financial position with CHF 69 million in new financing, supporting our operations and enabling continued investment in growth initiatives. At the same time, we remain focused on operational efficiencies, maximizing the impact of our resources while delivering on our commitments to patients, healthcare providers, and stakeholders.

As we look ahead, we remain committed to delivering sustainable value for patients and shareholders, advancing our mission, and ensuring long-term growth and profitability.

These dynamics were reflected in the outcomes of our variable compensation programs. Accordingly, no discretionary adjustments were made in measuring performance results or determining variable compensation amounts.

**2024 Nomination & Compensation Committee Activities**

The Nomination & Compensation Committee diligently fulfilled its mandate in 2024, supporting the Board of Directors in key areas such as reviewing compensation levels for the Board of Directors and the Executive Committee, preparing the 2024 Compensation Report, and managing the binding say-on-pay proposals for the 2024 AGM. The Committee also discussed specific matters, including retention challenges (addressed through special incentives), the company's long-term incentive plan (LTIP) framework and benchmarking, and succession planning for members of the Executive Committee.

**Looking Ahead to 2025**

The Annual General Meeting remains an important opportunity for shareholder input. At the 2025 AGM, shareholders will vote on the proposed maximum compensation amounts for the Board of Directors and Executive Committee and provide feedback on this Compensation Report. We encourage you to review the AGM invitation for further details: Santhera Share-/Bondholder meetings.

On behalf of the Nomination & Compensation Committee, I would like to thank you for your trust and engagement. Your feedback has been essential in shaping a compensation framework that reflects both shareholder interests and Santhera's long-term goals. We remain committed to fostering open dialogue and aligning compensation practices with the company's priorities.

Bradley C. Meyer

Chairman of the Nomination & Compensation Committee

## Compensation at a Glance

***Board of Directors Compensation Summary***

The compensation for the Board of Directors is entirely composed of fixed elements, including a base fee for Board membership and committee fees for service on Board Committees. This compensation is provided partly in cash and partly in the form of Restricted Share Units.

Structure of the Board of Directors fees:

| **Base fee** | |
|---|---|
| Function | Compensation (CHF) |
| Chairperson | 180,000 |
| Member | 115,000 |

| **Committee fee** | | |
|---|---|---|
| Function | Compensation (CHF) | |
| | Audit & Compliance Committee | Nomination & Compensation Committee |
| Committee Chairperson | 30,000 | 20,000 |
| Committee member | 10,000 | 10,000 |

The total amount of compensation of the 4-membered Board of Directors for the 2023 – 2024 term of office (CHF 782,500) was within the maximum amount (CHF 1,100,000) approved at the 2023 AGM. The total amount of compensation of the Board of Directors for the 2024 – 2025 term of office (CHF 595,000) is expected to be within the maximum amount (CHF 595,000) approved at the 2024 AGM.

Approved versus effective compensation for the members of the Board of Directors:

| **Board of Directors** | | |
|---|---|---|
| Period | Total compensation (CHF) | |
| | Approved | Effective |
| 2024 AGM – 2025 AGM | 595,000 | 595,000[1] |
| 2023 AGM – 2024 AGM | 1,100,000 | 782,500 |

[1] Compensation period still in progress, estimated amount

***Executive Committee Compensation Summary***

Members of the Executive Committee receive a combination of fixed and performance-based variable compensation, with the variable component encompassing both short-term and long-term elements.

For the CEO, variable compensation represented 59% of the total compensation for 2024, with a greater emphasis on long-term incentives. For other members of the Executive Committee, variable compensation accounted for on average 56% of total compensation for 2024. The Performance Share Units (PSU) granted in 2021 vested in 2024 with a final vesting level of 75% for the recurring 2021 PSU grant and 70% for the special 2021 PSU grant.

The aggregate fixed and long-term variable compensation of the Executive Committee for 2024 fell within the respective approved amounts. The aggregate amount for the short-term variable compensation for the financial year 2024 will be proposed for shareholder approval at the 2025 AGM.

Approved versus effective compensation for the members of the Executive Committee:

| Executive Committee | | |
|---|---|---|
| 2024 financial year | Compensation (CHF) | |
| | Approved | Effective |
| Fixed compensation | 3,300,000 | 2,955,914 |
| Short-term variable compensation | 1,100,000[1] | 1,065,891[2] |
| Long-term variable compensation | 3,150,000 | 2,871,242[2] |
| **Total compensation** | **7,550,000** | **6,893,047** |

[1] To be proposed for approval at 2025 AGM

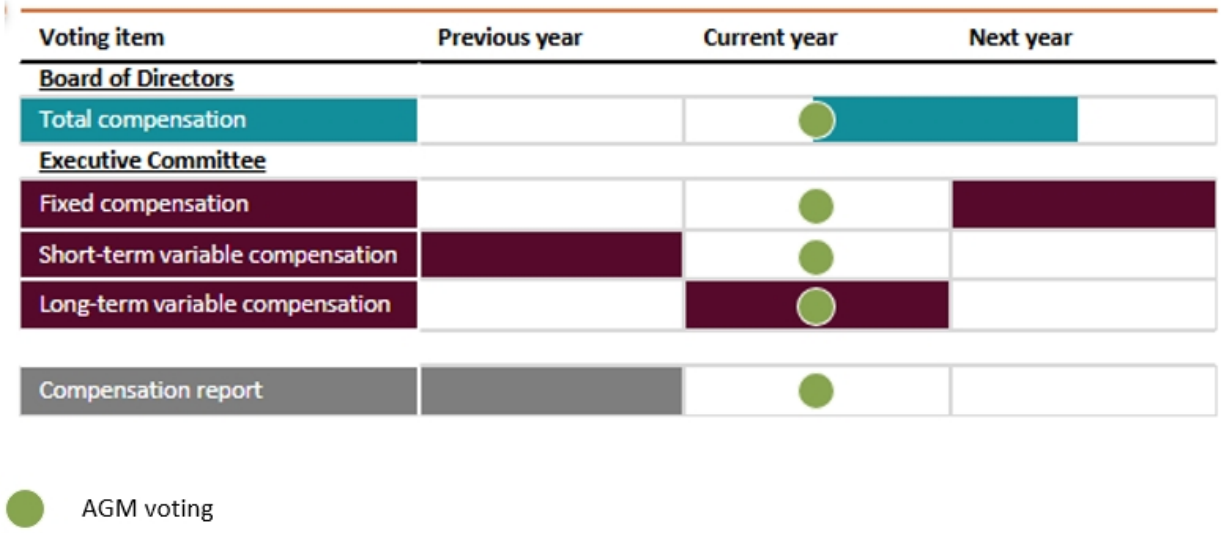
[2] On 29 August 2024, Andrew Smith, CFO, submitted their resignation, effective 29 August 2025, following a 12-month notice period. Under the terms of the annual bonus plan if notice is provided before April 30 following the year under review any payable bonus is forfeited, the table above includes CHF 199,713 that is forfeited. Additionally, 2024 equity grants not vested prior to 29 August 2025 will be forfeited (CHF 353,041).

## Compensation Governance

***Role of Shareholders and Compensation Provisions in the Articles of Incorporation***

Shareholders of Santhera play a central role in shaping the company's compensation frame-work. Each year, they approve the maximum aggregate amounts of fixed compensation for the Board of Directors, as well as fixed and variable compensation for the Executive Committee. Further, they provide annual consultative vote on the Compensation Report.

Overview of compensation-related votes at the AGM:



The Articles of Incorporation outline the framework for compensation governance, including voting rules at the General Meeting of Shareholders (Art. 25), the supplementary amount for changes in the Executive Committee (Art. 26), principles of compensation (Art. 27), and regulations on loans and credits (Art. 29).

Articles of Incorporation can be accessed under: Articles of Incorporation

***Nomination & Compensation Committee***

The Nomination & Compensation Committee (name changed from Compensation Committee in January 2025 to reflect Committee's role in Nominations for the Board of Directors and Executive Committee) consists of two independent and non-executive members of the Board of Directors (Board), as defined by Santhera's Articles of Incorporation. All members of the Nomination & Compensation Committee are individually elected by the shareholders at each General Meeting. The Nomination & Compensation Committee currently consists of Bradley C. Meyer (Chairman) and Thomas Meier.

The Nomination & Compensation Committee supports the Board in establishing and reviewing the company's compensation policies, guidelines, and performance objectives. It also prepares a Compensation Report and proposals for submission to the Annual General Meeting concerning the compensation of the Board of Directors and the Executive Committee.

The Nomination & Compensation Committee meetings are generally held prior to the Board of Directors' meetings. After each meeting, the Chairman of the Nomination & Compensation Committee reports to the Board on the committee's activities. Minutes of Nomination & Compensation Committee meetings are shared with all members of the Board of Directors. Members of the Executive Committee may attend Nomination & Compensation Committee meetings in an advisory capacity upon invitation but are excluded from discussions and decisions regarding their own compensation.

During 2024, the Nomination & Compensation Committee met 9 times, (all virtual meetings) with full attendance, to address the following key topics:

- Compensation framework for the Board of Directors, Executive Committee, and employees.
- Progress on outstanding long-term incentive awards as well as conditions and individual amounts awarded during the financial year.
- Results of the 2023 short-term incentive program and performance targets for 2024.
- Proposals for shareholder approval regarding maximum aggregate compensation for the Board of Directors and Executive Committee.
- Review and preparation of the 2023 and 2024 Compensation Reports.
- Individual compensation arrangements for members for the Board of Directors and Executive Committee.
- Special retention award for executives.
- Assessment on prior year long-term incentive awards which vested in 2024.
- Review of grading structure framework.
- Benchmarking for STI and LTI plans and discussion about Employee Share Purchase Programs
- Succession planning of the Board of Directors and members of the Executive Committee

Compensation approval process:

| Topic | Nomination & Compensation Committee | Board of Directors | AGM |
|---|---|---|---|
| Compensation policy | P | A | |
| Total compensation for the Board members | P | A | A (B) |
| Aggregate fixed compensation of the members of Executive Committee | P | A | A (B) |
| Aggregate short-term variable compensation of the members of Executive Committee | P | A | A (B) |
| Aggregate long-term variable compensation of the members of Executive Committee | P | A | A (B) |
| The Company's equity compensation plans | P | A | |
| Executive employment agreements | A | | |
| Compensation report | P | A | A (C) |

P = Propose. A = Approve. A (B) = Approve in binding vote. A (C) = Approve in consultative vote.

***Market Competitiveness***

The compensation of the Board of Directors and the Executive Committee undergoes regular review through a structured benchmarking process, designed to maintain competitiveness and alignment with market practices. The peer groups consist of the Swiss MidCap Index (SMIM) constituents of similar size and market relevance to provide a meaningful comparison.

For the Executive Committee, the compensation structure and levels are reviewed locally, taking into account comparable functional and financial responsibilities. The Company targets the 50th percentile for both fixed and variable compensation within the respective peer group, striking a balance between market competitiveness and financial prudence. This approach supports the Company's ability to attract and retain top talent while aligning with its strategic objectives.

***Performance Management Process***

The annual performance management process is comprised of an assessment by the Board of Directors of the achievement of the annual corporate objectives as well as an assessment by the Board of Directors of each executive's individual performance. The annual corporate objectives are defined at the beginning of the year and are comprised of financial and non-financial targets. In the first quarter of the following calendar year, the Board of Directors assesses the achievement of the individual KPIs comprising the company's goals for the prior year and determines the overall achievement level which becomes "the corporate factor" achievement level. The Board of Directors (BoD) determines the overall Bonus Pool based on the company's financial results and corporate performance for the year.

The Nomination & Compensation Committee reviews the pay-out ranges for the funding of the cash bonus pool for submission to the Board for final approval. The cash bonus for each member of the Executive Committee is determined at the discretion of the Nomination & Compensation Committee by assessing the performance of each executive as it relates to the achievement of the company's goals and overall individual

performance. The Board approves the final bonus payout (subject to shareholder approval) for each Executive Committee member.

***Forfeiture Provisions***

Any variable compensation paid or granted to members of the Executive Committee is subject to forfeiture.

Upon termination of employment due to resignation or termination without cause, Equity Participation Rights are treated as follows: non-vested Rights will be forfeited without any claims for replacement or compensation. Vested Rights will be retained in accordance with the respective plan and agreement, and pre-clearance is required from the General Counsel before exercising or selling rights during the three-month post-termination period, if pre-clearance was required during employment. Vested Options or Share Appreciation Rights must be exercised within six months after termination; any unexercised rights will be forfeited without compensation claims.

Furthermore, any Equity Participation Rights granted to Executive Committee members will be forfeited if they engage in competitive activity or disclose confidential company information within one year of termination, with no claims for replacement or compensation.

The Nomination & Compensation Committee may deviate from these provisions based on the merits of the departing Participant.

***Share Ownership Guideline***

Members of the Executive Committee are required to build up and maintain a minimum share-holding in Santhera, within five years of their appointment or the implementation of this guideline. Minimum shareholding levels required under the share ownership guideline:

| | Shareholding ownership requirement | Build-up period |
|---|---|---|
| CEO | at least CHF 1,000,000 | 5 years |
| Other members of the Executive Committee | CHF 300,000-400,000 | 5 years |

Compliance with the share ownership guideline is monitored annually at the first Board meeting of the year. Additionally, a further compliance check is performed at the fifth anniversary of the appointment of each member of the Executive Committee. All owned shares, whether blocked or not, are considered when assessing compliance with the minimum shareholding guideline. The failure to comply with share ownership guideline may trigger a number of measures, including limitations to the sale or disposal of owned shares or adjustments in the eligibility of future incentive plans.

## Compensation Principles

### *Board of Directors*

The compensation principles for the Board of Directors are defined in Article 27 of the Articles of Incorporation. Members of the Board of Directors are compensated for their function and responsibilities with a fix fee that aims at reinforcing independence. This is key to allow Santhera's Board of Directors to determine the long-term strategic direction and supervision of the company.

### *Executive Committee*

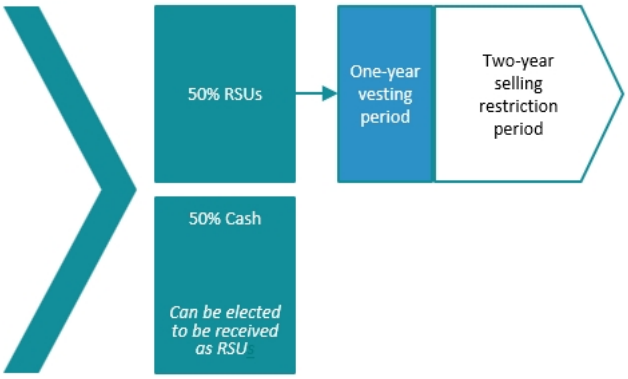
The compensation principles for the Executive Committee are defined in Article 27 of the Articles of Incorporation. These are the basis for Santhera's compensation policy, which is designed to attract, motivate, and retain top talent while driving the achievement of the Company's financial and strategic objectives. It offers a market-competitive total compensation package, that combines short- and long-term incentives to align the management's interests with those of the Company and its shareholders. The compensation system is structured to avoid unintended incentives or counterproductive elements, emphasizing exceptional and sustainable performance without encouraging inappropriate risk-taking. The policy upholds compliance standards and incorporates best practices.

## Compensation Elements

### *Board of Directors*

Board of Directors' fees are defined at two levels. At the board level, the base fee is set for the Chairperson at CHF 180,000 and for members at CHF 115,000. At the committee level, additional committee fees are specified for each committee.

For the Audit and Compliance Committee, the additional committee fee is set for the Committee Chairperson at CHF 30,000 and for Committee members at CHF 10,000. For the Nomination & Compensation Committee, the additional committee fee is set for both the Committee Chairperson at CHF 20,000 and members at CHF 10,000.



Board of Directors compensation:

| Base fee | |
|---|---|
| Function | Compensation (CHF) |
| Chairperson | 180,000 |
| Member | 115,000 |

| Committee fee | | |
|---|---|---|
| Function | Compensation (CHF) | |
| | Audit & Compliance Committee | Nomination & Compensation Committee |
| Committee Chairperson | 30,000 | 20,000 |
| Committee member | 10,000 | 10,000 |

As a general rule, Board and Committee fees are allocated 50% in cash and 50% in Restricted Share Units (RSUs). Annual RSU grants vest one day prior to the AGM following the AGM of election or re-election and are subject to a two-year trading restriction. Additionally, Board members may elect to convert up to 100% of their cash fees into RSUs, which vest on the same timeline but carry a five-year trading restriction.

To foster independence, members of the Board of Directors do not receive any variable compensation. In fact, both cash fees and RSU allocation are fixed and not tied to corporate performance or individual contributions.

The Company pays employer's social security contributions due on (i) the annual cash fees and (ii) the share value at the vesting date of the RSU, when shares are granted for such RSUs. The legally required employer's contributions to social security attributable to the Board compensation are/excluded from the shareholder approved Board compensation.

For more information about the underlying RSU Plans, see Note 21 "Equity Rights Plans" in the audited consolidated financial statements for the year ended December 31, 2024.

***Executive Committee***

Executive Committee's compensation consists of fixed compensation and performance-based variable compensation in the form of an annual cash bonus and a long-term incentive plan. The following table explains the compensation elements for the Executive Committee.

Executive Committee compensation:

| Remuneration elements | Fixed compensation | | Performance-based variable compensation | | | |
|---|---|---|---|---|---|---|
| | Base salary | Benefits | Annual cash bonus | Long-Term Incentive Plan | | |
| | | | | SARs | Stock options | PSUs |
| **Purpose and link to strategy** | Reflects the individual's role and relevant experience | Attract and retain employees; Protect against risks | Pay for annual performance; Reward achievement of short-term financial and non-financial objectives related to the business strategy | Pay for long-term performance; Link compensation to shareholder value creation and achievement of business objectives | | |
| **Operation** | Fixed amount paid monthly in cash | Allowances, social security contributions and payments to the pension fund | Annual awards payable generally in cash after one year performance period | Annual grant in a combination of SARs, stock options, PSUs | | |
| **Target level** | Based on scope of responsibilities, personal experience, skillset, and external value of the role; Targeted to be close to market median | | 25% to 50% of the base salary | 100% of the base salary | | |
| **Performance indicators** | Changes to base salary consider individual performance, future potential, broadening of responsibilities, and external benchmarking | | Company and individual goals | Santhera's share price | Santhera's share price | 45% Relative TSR (Total Shareholder Return); 33% Revenue target; 22% Strategic goals |
| **Duration** | | | 1 year | 3 years (ratable vesting); 10-year maturity (in total) | | 3 years |
| **Forfeiture rules** | No | No | Yes | Yes | | Yes |

***Fixed compensation***

The fixed compensation for members of the Executive Committee includes base salary, allowances, social security contributions, company contributions to the pension fund, and, where applicable, further awards (including equity-based).

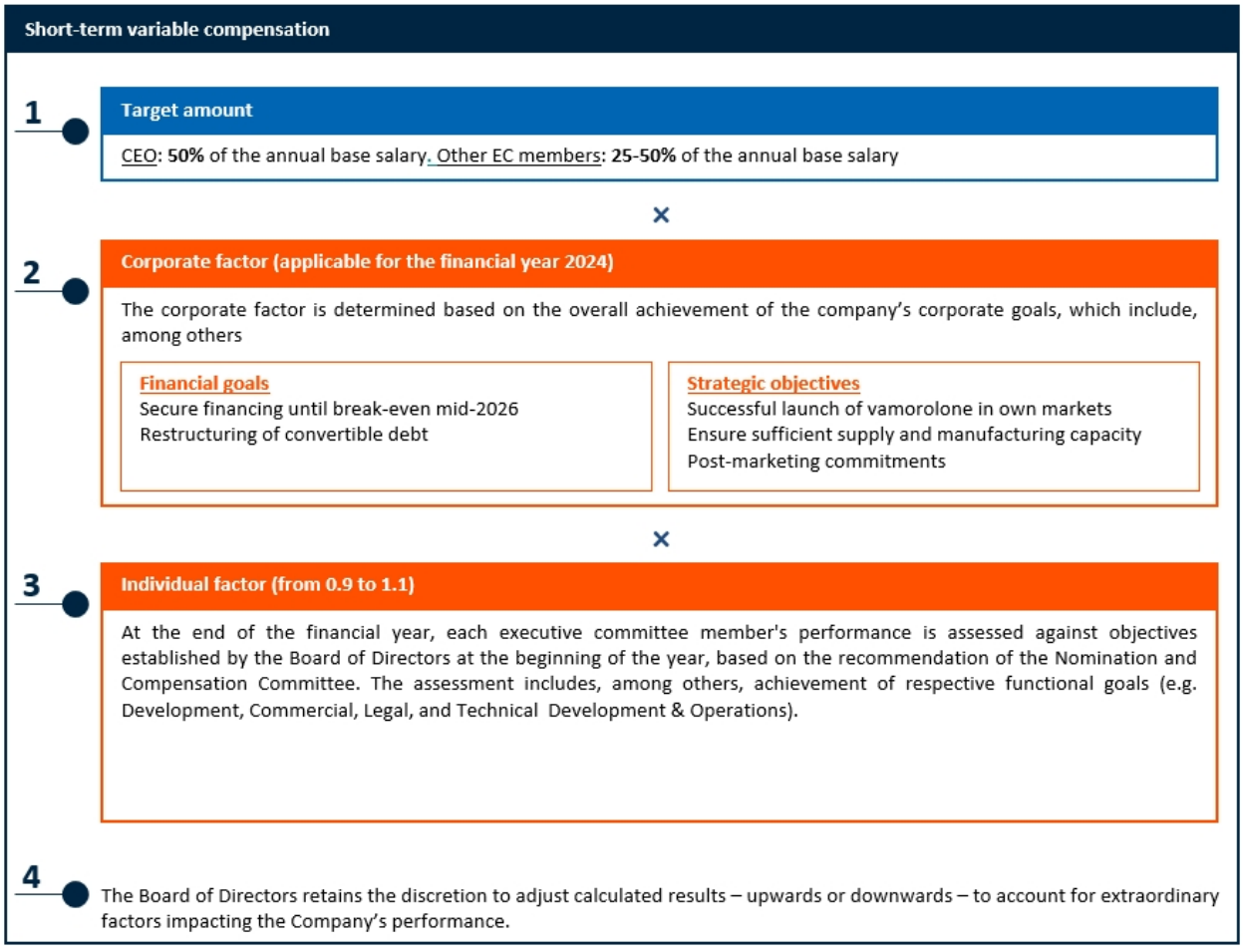
The base salary reflects each member's position, responsibilities, experience, and skills and is reviewed annually by the Nomination & Compensation Committee.

The company contributions to defined-contribution pension plans cover old-age pension, and benefits in the case of disability or death. The risk portion includes provisions for widowers (spouses), orphans, and long-term disability in the event of sickness. Additionally, a lump sum is paid in the event of death caused by an accident or illness. Pension benefits are determined by the employee's age and insured compensation, with both employees and the employer contributing to these pension plans.

Further awards may be granted at the Board of Directors' discretion to recognize continued commitment and contributions.

***Short-term Variable Compensation (Annual Cash Bonus)***

Short-term variable compensation is a performance-based annual bonus linked to the Company's results and individual achievements during the financial year.




Performance targets are considered commercially sensitive, as their disclosure could reveal elements of Santhera's forward-looking strategy. Consequently, they are not disclosed in advance. However, the chapter "Compensation Awarded to the Executive Committee for 2024" provides a retrospective review of the objectives set for the year under review, along with an evaluation of performance achievements that influenced the 2024 payout under the short-term variable compensation framework.

The short-term variable compensation for the reporting year 2024 will be paid in cash following approval at the 2025 AGM.

***Long-term Variable Compensation (Long-term Incentive Plan, LTIP)***

The long-term variable compensation is designed to reward sustainable value creation and align participants' financial award with the shareholder value over the long term.

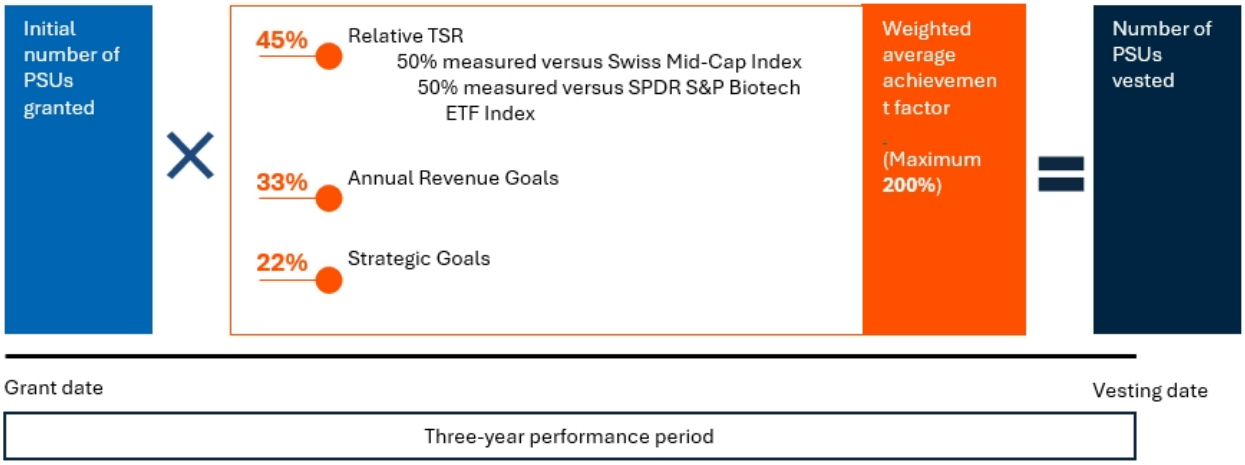
Under the LTIP, members of the Executive Committee receive a mix of Share Appreciation Rights (SARs), Stock Options, and Performance Share Units (PSUs). The allocation of these components is reviewed annually and determined by the Nomination & Compensation Committee as part of the annual grant process.

The total number and aggregate value of awards under the LTIP for each financial year is determined annually by the Board of Directors, based on a recommendation of the Nomination & Compensation Committee. In formulating its recommendation, the Nomination & Compensation Committee evaluates the company's current performance and assesses the potential dilution implications. The value of awards granted to members of the Executive Committee is further governed by the maximum compensation amounts approved by the AGM.

The granted SARs or Stock Options vest over a three-year period in equal annual tranches on each anniversary of the grant and can be exercised within a specified period following vesting.

PSUs are converted into shares at the end of a three-year performance period, subject to the achievement of predefined performance targets.

Predefined performance measures driving conversion of PSUs into shares:




The predefined performance targets are considered commercially sensitive, as their disclosure could reveal aspects of Santhera's forward-looking strategy. Therefore, they are not disclosed in advance. However, the section "Compensation Awarded to the Executive Committee for 2024" includes information about 2024 vesting levels.

The level of target achievement for a PSU grant ranges from 0% to 200%. At the end of the three-year performance period, the Nomination & Compensation Committee evaluates performance against the set targets and submits the results for Board approval. To address exceptional circumstances or prevent unreasonable outcomes, the Board may, at its sole discretion, adjust the vesting level upwards or downwards.

For more information about the Long-Term Incentive Plan, see Note 21 “Equity Rights Plans” in the audited consolidated financial statements for the year ended December 31, 2024 .

## Compensation awarded to the Board of Directors for 2024

***Changes in Composition of the Board of Directors in 2024***

No changes to the composition of the Board of Directors were made at the 2024 AGM. Shareholders re-elected Thomas Meier, PhD, Philipp Gutzwiller, Bradley C. Meyer, and Otto Schwarz, PhD, for another one-year term.

***Disclosure of compensation of members of the Board of Directors for the financial years 2024 and 2023 (audited):***

| 2024<br>In CHF | Annual cash fees | Annual fee delivered in RSU[1] | Total compensation[2] | Number of RSU granted |
|---|---|---|---|---|
| **Thomas Meier**<br>Chairman of the Board, Member of the Nomination & Compensation Committee and Audit & Compliance Committees | 100,000 | 100,000 | 200,000 | 13,623 |
| **Philipp Gutzwiller**<br>Board Member and Chairman of the Audit & Compliance Committee | 72,500 | 72,500 | 145,000 | 9,877 |
| **Bradley Meyer**<br>Board Member and Chairman of the Nomination & Compensation Committee | 67,500 | 67,500 | 135,000 | 9,196 |
| **Otto Schwarz**<br>Board Member | 57,500 | 57,500 | 115,000 | 7,833 |
| **Total** | **297,500** | **297,500** | **595,000** | **40,529** |

| 2023<br>In CHF | Annual cash fees | Annual fee delivered in RSU[1] | Total compensation[2] | Number of RSU granted[3] |
|---|---|---|---|---|
| **Thomas Meier**<br>Chairman of the Board, Member of the Nomination & Compensation Committee and Audit & Compliance Committees | 100,000 | 100,000 | 200,000 | 16,129 |
| **Philipp Gutzwiller**<br>Board Member and Chairman of the Audit & Compliance Committee | 72,500 | 72,500 | 145,000 | 11,694 |
| **Bradley Meyer**[4]<br>Board Member and Chairman of the Nomination & Compensation Committee | 33,750 | 135,000 | 168,750 | 27,218 |
| **Otto Schwarz**[4]<br>Board Member | 28,750 | 115,000 | 143,750 | 23,185 |
| **Patrick Vink**[5]<br>Board Member and Chairman of the Nomination & Compensation Committee | 33,750 | 33,750 | 67,500 | - |
| **Total** | **268,750** | **456,250** | **725,000** | **78,226** |

[1] Reflects value of share-based payments in accordance with IFRS 2 at grant, i.e. the value of unvested stock options attributable at grant. The tax value of such unvested stock options RSU is CHF 0 until the vesting date of the RSU.

[2] The Total compensation does not include mandatory employer social security contributions on the annual cash fees and the shares delivered (2024: CHF 10,843; 2023: CHF 21,190).

[3] Number of RSUs granted for Bradley Meyer and Otto Schwarz includes Initial Grant RSUs (Bradley Meyer – Initial Grant 16,331 RSUs, Otto Schwarz – Initial Grant 13,911) received upon election as new Board Members at AGM 2023. Number of equity instruments reflect reverse share split 10:1 on July 3, 2023.

[4] Member of the Board since June 27, 2023 (AGM 2023).

[5] Member of the Board until June 27, 2023 (AGM 2023).

### *Comparison of the Approved and Effective compensation*

At the AGM 2024, shareholders approved the maximum fixed compensation of CHF 595,000 (excl. social security contributions) for the Board of Directors for the period from AGM 2024 to AGM 2025. The effective Board compensation this period is expected to remain within this approved limit.

Approved versus effective compensation for the members of the Board of Directors:

| Period | Total compensation (CHF) | |
|---|---|---|
| | Approved | Effective |
| 2024 AGM – 2025 AGM | 595,000 | 595,000[1] |
| 2023 AGM – 2024 AGM | 1,100,000 | 782,500 |

[1] Compensation period is still in progress, estimated amount

## Compensation awarded to the Executive Committee for 2024

***Changes in Composition of the Executive Committee in 2024***

Effective 1 January 2024, Guenther Metz, Head of Business Development, stepped down from his executive role but remained on the management team until 30 November 2024. Additionally as of 1 January 2024, Geert Jan van Daal was promoted to Chief Commercial Officer, and Marc Schrader to Chief Technology Officer.

As of 1 August 2024, Oliver Kronenberg assumed the position of Chief Legal Officer and General Secretary, succeeding Oliver Strub, who assumed the new position of Head of Compliance.

To enhance transparency, the compensation of the Executive Committee for the financial years 2024 and 2023 now reflects amounts of Annual Cash Bonus accrued for the respective financial period, whereas previous reports presented amounts paid out during the same period.

***Disclosure of compensation of members of the Executive Committee for the financial years 2024 and 2023 (audited):***

| 2024<br>In CHF | Base salary | Allowances | Social security and pension[2] | Value of shares allocated under other compensation | Annual cash bonus | Fair value of PSU/ SARs[1] | Total compensation | Number of PSU/ SARs granted |
|---|---|---|---|---|---|---|---|---|
| Dario Eklund | 531,914 | 43,272 | 311,568 | 130,281 | 302,264 | 698,866 | 2,018,165 | 152,250 |
| Other 5 members of EM) | 1,524,035 | 122,478 | 681,673 | 133,154 | 557,376[4] | 1,856,166[4] | 4,874,882 | 389,458 |
| **Total** | **2,055,949** | **165,750** | **993,241** | **263,435** | **859,640** | **2,555,032** | **6,893,047** | **541,708** |

| 2023<br>In CHF | Base salary | Allowances | Social security and pension[2] | Annual cash bonus | Fair value of PSU/ SARs[1] | Total compensation | Number of PSU/ SARs granted |
|---|---|---|---|---|---|---|---|
| Dario Eklund | 516,390 | 43,272 | 200,867 | 258,194 | 713,672 | 1,732,395 | 109,020 |
| Other 5 members of EM[3]) | 1,545,174 | 86,520 | 507,952 | 601,536 | 1,744,642 | 4,485,824 | 266,510 |
| **Total** | **2,061,564** | **129,792** | **708,820** | **859,730** | **2,458,314** | **6,218,220** | **375,530** |

[1] Reflects the fair value of share-based payments in accordance with IFRS 2 at grant (and reflect reverse share split 10:1), i.e. the value of unvested Stock Options/SARs attributable at grant. The tax value of such unvested instruments (i.e., SARs, Stock Options or PSUs) is CHF 0 until when the SAR or Options are exercised respectively when PSUs are converted into shares of the Company. The number of PSU/Stock options granted in 2022 is higher than the number of PSUs/SARs awarded in 2023 as the 2021 variable cash bonus was paid in the form of Options. Valuation and quantum of PSUs and SARs not including adjustments. The valuation of the 2023 PSUs as part of the LTIP 2023 was revised which increased the value of the instruments and led to a total variable compensation in excess of the AGM approved limit as of December 31, 2023. As a consequence, the company applied the claw-back clause and therefore revisited the number of PSUs granted and reduced the grant retrospectively. This resulted in total variable compensation being reduced to within the AGM approved limit. The revised PSU quantum based on the new valuation is CHF 1,093,615 (CEO new PSU quantum 46,000 and other members EM new PSU quantum totaling 112,550) and a total variable compensation of CHF 1,982,273 (CEO CHF 575,555 and other members EM CHF 1,410,718).

[2] Included in the amounts are assumed social security payments on the fair market value of allocated PSUs/SARs/Options.

[3] Includes President North America through September 30, 2023.

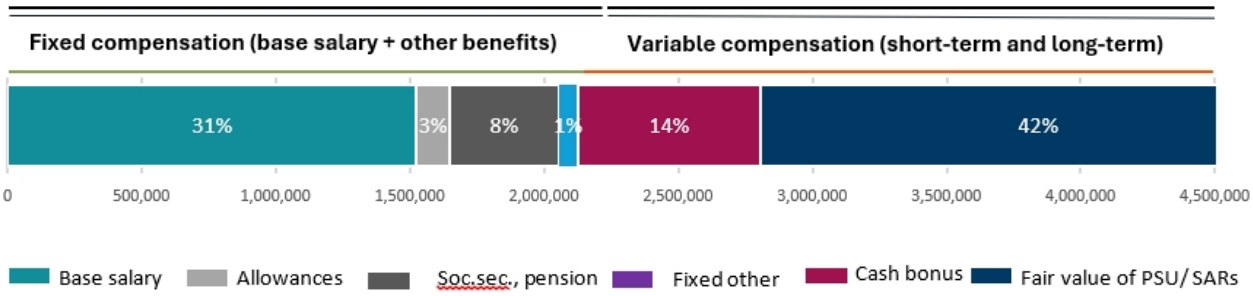
[4] On 29 August 2024, Andrew Smith, CFO, submitted their resignation, effective 29 August 2025, following a 12-month notice period. Under the terms of the annual bonus plan if notice is provided before April 30 following the year under review any payable bonus is forfeited, the table above includes CHF 199,713 that therefore is forfeited. Additionally,any 2024 equity grants not vested prior to 29 August 2025 will be forfeited (CHF 353,041).

***Compensation Structure 2024***

For the CEO, total variable compensation 2024 amounted to 223% of base salary or 143% of his total fixed compensation. For other members of the Executive Committee total variable compensation 2024 averaged at 187% of the respective annual base salaries or 139% of respective total fixed compensations.

CEO compensation structure


Other members of the Executive Committee compensation structure




***Fixed Compensation for 2024***

The fixed compensation in 2024 as approved at the AGM 2023 increased by 10% compared to the previous year, reflecting changes in the composition of the Executive Committee.

In January 2024, the Board of Directors approved a Chairman's Award for selected Executive Committee members, including the CEO. Granted in the form of 22,500 Company shares with a two-year sale restriction, this award recognized their continued commitment and ongoing contributions to the firm. The total value of the award amounted to CHF 151,159.

***Short-term Variable Compensation for 2024***

The 2024 short-term variable compensation was largely determined to have been "above target" as justified by the following achievements: AGAMREE® sales in EU self-launch countries were above expectations, securing manufacturing capacity to secure commercial supply, study completions for post-marketing authorization commitments including safety and tolerability studies, as well as completion of funding to break-even and restructuring of convertible debt. This resulted in payouts ranging from 110% to 156% of target for the Executive Committee and 156% for the CEO. Expressed as a percentage of annual base salary for the year, payout for 2024 short-term variable compensation equivalents to 28% to 45% for the Executive Committee and 57% for the CEO.

***Long-term Variable Compensation for 2024***

For 2024, members of the Executive Committee were awarded 132,130 SARs with a total value of CHF 759,260 and 375,203 PSUs with a total value of CHF 1,795,772. Out of these instruments, the CEO was awarded 33,600

SARs with a total value of CHF 193,076 and 101,400 PSUs with a total value of CHF 505,790. Granted awards vest during the three-year vesting period. Vested SARs may be exercised until 30 June 2034. The performance period for the PSUs runs from 1 July 2024 until 30 June 2027.

Out of the 375,203 PSUs granted in 2024, 66,900 PSUs with a total value of CHF 548,973 represent the special non-recurring equity-based award to select members of the Executive Committee, including 23,000 with a total value of CHF 188,735 awarded to the CEO. While mirroring the structure of the recurring PSU plan, this award vests exclusively based on relative Total Share-holder Return (TSR) performance.

***Vesting of SARs, Stock Options, and PSUs granted in previous years***

In 2024, a total of 192,439 shares vested and were transferred to members of the Executive Committee, including the CEO. Of these 5,066 from Stock Options granted in 2021 and 73,705 from PSUs granted in 2021. A total of 64,953 Options/SARs vested from prior grants (LTIP 2022/LTIP 2023) and 109,247 PSUs vested from prior grants (LTIP 2022/2023).

The PSUs that vested from the 2021 grants originated from two distinct plans. The recurring 2021 PSU grant resulted in 12,625 vested shares, with an overall vesting level of 75%, driven by the achievement of predefined relative TSR performance and the successful commercial launch, measured by the number of patients on vamorolone. The 2021 special PSU grant led to 61,080 vested shares, with a vesting level of 70%, based on the achievement of predefined relative TSR performance and FDA and EMA market authorization.

***Comparison of the Approved and Effective compensation***

The aggregate fixed and long-term variable compensation of the Executive Committee for 2024 fell within the respective approved amounts. The aggregate amount for the short-term variable compensation for the financial year 2024 will be proposed for shareholder approval at the 2025 AGM.

| 2024 financial year | Compensation (CHF) | |
|---|---|---|
| | Approved | Effective |
| Fixed compensation | 3,300,000 | 2,955,914 |
| Short-term variable compensation | 1,100,000[1] | 1,065,891[2] |
| Long-term variable compensation | 3,150,000 | 2,871,242[2] |
| **Total compensation** | **7,550,000** | **6,893,047** |

[1] To be proposed for approval at 2025 AGM

[2] On 29 August 2024, Andrew Smith, CFO, submitted their resignation, effective 29 August 2025, following a 12-month notice period. Under the terms of the annual bonus plan if notice is provided before April 30 following the year under review any payable bonus is forfeited, the table above includes CHF 199,713 that is forfeited. Additionally,any 2024 equity grants not vested prior to 29 August 2025 will be forfeited (CHF 353,041).

## Executive Contracts

The employment contracts with the members of the Executive Committee are compliant with the Swiss Code of Obligations (Swiss CO) and the Company's Articles of Incorporation and no member of the Executive Committee has a notice period of longer than 12 months. Any non-competing clauses for the period after termination of an employment agreement shall not exceed one year with the maximum compensation for such period of the last total annual compensation of an Executive Committee member in question.

## Loans and Credits

In accordance with the Articles of Incorporation, loans to members of the Board of Directors and Executive Committee may only be on market terms and may only be made by the Company or by any of its directly or indirectly controlled companies, whereas the total sum of total out-standing loans to a particular member, including the amount to be granted, shall not exceed twice the most recent annual compensation to such member. For the year ended December 31, 2024 there were no loans and/or credits granted to or outstanding from the Board of Directors or the Executive Committee.

## Compensation of Former Members of the Board of Directors and Executive Committee

Disclosure of compensation of former members of the Board of Directors for the years 2024 and 2023 (audited)

| In CHF | Total payment |
|---|---|
| **2024** | |
| n/a | - |
| **Total** | **-** |
| **2023** | |
| n/a | - |
| **Total** | **-** |

Disclosure of compensation of former members of the Executive Committee for the years 2024 and 2023 (audited)

| In CHF | Total payment |
|---|---|
| **2024** | |
| n/a | - |
| **Total** | **-** |
| **2023** | |
| Stephanie Brown[1] | 103,121 |
| **Total** | **103,121** |

[1] The amount reflects gross payments made in the year including social security cost. Stephanie Brown left the Executive Management team as of September 30, 2023 and received ongoing compensation in accordance with contractual obligations.

## Shareholdings of Members of the Board of Directors and Executive Committee

***Disclosure of shareholdings in the Company of members of the Board of Directors as of December 31, 2024 and December 31, 2023 (audited)***

| December 31, 2024 | Number of shares | Number of stock options (vested) | Number of stock options (unvested) | Number of SAR (vested) | Number of SAR (unvested) | Number of RSU (vested) | Number of RSU (unvested) |
|---|---|---|---|---|---|---|---|
| Thomas Meier | 48,878 | 1,487 | - | 11,471 | - | 17,795 | 13,623 |
| Philipp Gutzwiller | 22,928 | - | - | 6,179 | - | 13,360 | 9,877 |
| Bradley Meyer | 19,422 | - | - | - | - | 16,331 | 20,083 |
| Otto Schwarz | 13,911 | - | - | - | - | 13,911 | 17,107 |
| **Total** | **105,139** | **1,487** | **-** | **17,650** | **-** | **61,397** | **60,690** |

| December 31, 2023 | Number of shares | Number of stock options (vested) | Number of stock options (unvested) | Number of SAR (vested) | Number of SAR (unvested) | Number of RSU (vested) | Number of RSU (unvested) |
|---|---|---|---|---|---|---|---|
| Thomas Meier | 31,083 | 1,487 | - | 11,471 | - | 18,759 | 21,129 |
| Philipp Gutzwiller | 13,497 | - | - | 6,179 | - | 14,778 | 16,694 |
| Bradley Meyer | 3,091 | - | - | - | - | - | 27,218 |
| Otto Schwarz | - | - | - | - | - | - | 23,185 |
| **Total** | **47,671** | **1,487** | **-** | **17,650** | **-** | **33,537** | **88,226** |

***Disclosure of shareholdings in the Company of members of the Executive Committee as of December 31, 2024[1] and December 31, 2023 (audited)***

| December 31, 2024 | Number of shares | Number of Stock Options (vested) [1] | Number of Stock Options (unvested) | Number of SAR (vested) [1] | Number of SAR (unvested) | Number of PSU (unvested)[2] |
|---|---|---|---|---|---|---|
| Dario Eklund | 110,526 | 111,062 | 8,028 | 30,296 | 57,705 | 149,377 |
| Andrew Smith | 47,704 | 62,619 | 5,138 | 24,035 | 38,022 | 98,175 |
| Shabir Hasham | 46,850 | 28,327 | 4,893 | 14,708 | 34,472 | 89,511 |
| Oliver Kronenberg | 6,380 | - | - | - | 21,750 | 65,650 |
| Marc Schrader | 4,480 | - | - | 3,806 | 24,828 | 55,590 |
| Geert Jan van Daal | 4,666 | 16,315 | 1,457 | 8,658 | 24,132 | 57,442 |
| **Total** | **220,606** | **218,323** | **19,516** | **81,503** | **200,909** | **515,745** |

| December 31, 2023 | Number of shares | Number of Stock Options (vested) [1] | Number of Stock Options (unvested) | Number of SAR (vested) [1] | Number of SAR (unvested) | Number of PSU (unvested)[2] |
|---|---|---|---|---|---|---|
| Dario Eklund | 4,500 | 101,569 | 17,521 | 18,424 | 35,977 | 168,505 |
| Andrew Smith | - | 56,441 | 11,316 | 16,213 | 23,704 | 108,924 |
| Shabir Hasham | 2,646 | 22,999 | 10,221 | 7,614 | 21,496 | 83,099 |
| Günther Metz | 1,000 | 40,617 | 10,512 | 9,462 | 21,374 | 86,673 |
| Oliver Strub | - | 37,555 | 10,512 | 9,624 | 21,374 | 86,673 |
| **Total** | **8,146** | **259,181** | **60,082** | **61,337** | **123,925** | **533,874** |

[1] The exercise price of vested and unvested options and SARs ranges from CHF 8.40 to CHF 894.50.

[2] The number of vested PSUs is subject to the achievement of both the specific performance targets and the predetermined vesting period. The prior year number of vested PSUs have been reclassified to conform to the current year presentation.

On 29 August 2024, Andrew Smith, Chief Financial Officer, submitted his resignation, effective 29 August 2025, following a 12-month notice period. Under the terms of the Employee Long-Term Incentive Plan 2023 (ELTIP 2023), unvested equity participation rights are forfeited upon termination of employment, unless otherwise determined by the Nomination & Compensation Committee. Accordingly, any unvested share-based instruments that were scheduled to vest after the termination date (29 August 2025), unless otherwise approved, will lapse without replacement or compensation. The Nomination and Compensation Committee has approved for Andrew Smith to retain the vesting of one additional tranche of the LTIP 2023 PSUs (10,320).

In line with IFRS 2 – Share-Based Payment, the Company has continued to recognize share-based payment expenses for 2024, as these expenses reflect services rendered during the financial year. However, no further expenses related to forfeited instruments will be recognized in subsequent periods beyond the termination date.

The total share-based compensation expense for 2024 remains CHF 2,871,242, which includes amounts related to equity participation rights granted prior to the resignation date. The estimated impact of the forfeiture of unvested instruments will be reflected in the 2025 financial statements, reducing future share-based payment expenses accordingly.

**Members with external mandates as of December 31, 2024 (audited)**

| Board of Directors | Mandates in listed companies | Mandates in non-listed companies |
|---|---|---|
| Thomas Meier | Onconetix Inc: Board Member (from April 2024) | Novaremed AG: Executive Chairman<br>SEAL Therapeutics AG: Chairman<br>Visgenx Inc.: Board Member<br>Viopas Venture Consulting GmbH, Managing Partner |
| Philipp Gutzwiller | - | CFS Advisors LLP, Managing Partner |
| Bradley Meyer | - | AliveDx: Board Member<br>Aveng: Board Member<br>Biocartis SA: Chairman |
| Otto Schwarz | - | Stalicla SA: Board Member |

| Executive Members | Mandates in listed companies | Mandates in non-listed companies |
|---|---|---|
| Dario Eklund | - | - |
| Andrew Smith | - | - |
| Shabir Hasham | - | - |
| Oliver Strub[1] | - | - |
| Marc Schrader | - | - |
| Geert-Jan van Daal | - | - |
| Oliver P. Kronenberg[2] | - | cp premium helmets ag, Board Member<br>Vantage Advisory LLC, Managing Partner<br>Hälsa Sportsconsulting & Media GmbH, Managing Partner |

[1] Oliver Strub, member of Executive Management through July 31, 2024

[2] Oliver P. Kronenberg, member of Executive Management as of 1 August 2024

**Members with external mandates as of December 31, 2023 (audited)**

| Board of Directors | Mandates in listed companies | Mandates in non-listed companies |
|---|---|---|
| Thomas Meier | Onconetix Inc: Board Member (from April 2024) | Novaremed AG: Executive Chairman<br>SEAL Therapeutics AG: Chairman<br>Visgenx Inc.: Board Member<br>Viopas Venture Consulting GmbH, Managing Partner |
| Philipp Gutzwiller | - | - |
| Bradley Meyer | - | AliveDx: Board Member<br>Aveng: Board Member<br>Biocartis SA: Chairman |
| Otto Schwarz | - | Stalicla SA: Board Member |

| Executive Members | Mandates in listed companies | Mandates in non-listed companies |
|---|---|---|
| Dario Eklund | - | - |
| Andrew Smith | Arix Bioscience plc: Non-Executive Director, Audit Chair | - |
| Shabir Hasham | - | - |
| Guenther Metz | - | - |
| Oliver Strub | - | - |

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To the General Meeting of
Santhera Pharmaceuticals Holding AG, Pratteln

Basel, 28 April 2025

# Report of the statutory auditor on the audit of the compensation report



## Opinion

We have audited the compensation report of Santhera Pharmaceuticals Holding AG (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 125 to 127 and pages 130 to 134 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.



## Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Board of Directors' responsibilities for the compensation report**
The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.



**Auditor's responsibilities for the audit of the compensation report**
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

/s/ Martin Mattes
Licensed audit expert
(Auditor in charge)

/s/ Diana Vejina
FCCA

# Corporate Governance Report

## Contents

## General Information

The Company's corporate governance principles are laid out in its articles of incorporation (**Articles**), the organizational rules (**Organizational Rules**; *Organisationsreglement*), by-laws of the Company's Audit & Compliance, Nomination & Compensation and Scientific Committees adopted by the Board of Directors (**Board**) and a comprehensive set of Group directives, including insider trading rules that require a trading preclearance for the Board and the Company's officers and employees, as well as an internal control system, and a risk management process. All the above documents can be downloaded from: http://www.santhera.com/investors-and-media/investor-toolbox/governance.

The information published below conforms to the Directive Corporate Governance (**DCG**) of the SIX Swiss Exchange (**SIX**). In order to avoid redundancies, references are inserted to other parts of the financial report. Santhera's website www.santhera.com provides more detailed information.

## Business Ethics

Relevant information regarding business ethics, corruption, and bribery is provided in the revised Code of Conduct (CoC) (pp. 6, 14 - 15), a new Anti-Bribery Policy, and the revised Insider Trading Policy. To ensure compliance with these policies, Santhera's entire staff has undergone face-to-face training and testing. Furthermore, an online anonymous speak-up tool has been implemented to ensure secure disclosure mechanisms and promote ethical business practices. Our approach to employee rights, property rights, corruption, and other legal matters is detailed in the CoC (pp. 9 – 12). In 2024, Santhera received no fines for legal violations, and there are no ongoing investigations or potential violations. Information on fraud incidents and related measures is also available in the CoC (pp. 10 - 16). In addition, Santhera has conducted face-to-face antitrust training for the Executive Committee and plans to extend this training to the commercial, financial and legal departments in Q1 2025. Finally, Santhera has no involvement with counterfeit drugs.

## Data Protection

Santhera's approach to data protection is described in the Code of Conduct (CoC) (pp. 12-13). The data protection act has been implemented, intragroup agreements are in place, and the Directory of all processing activities is continuously updated. Several Standard Operating Procedures (SOPs) and policies have been implemented, including a privacy policy for employees and human resources, along with a SOP on handling personal data within Santhera. Furthermore, a data privacy clause describing our data processing practices and subject rights has been incorporated into all our templates. Finally, data processing agreements have been signed with all partners who collect and process personal data on our behalf.

## Ethical Marketing

Santhera's commitment to ethical marketing is detailed in Chapters IV (p. 12) and V (p. 14) of the Code of Conduct (CoC). The company markets its products in compliance with its standard operating procedures (SOPs) and approval processes, which include provisions for hospitality and transparency reporting. These measures foster a culture of compliance, ensuring alignment with national and international regulations on pharmaceutical promotion, such as the EFPIA and ABPI Codes.

All commercial staff receive comprehensive training on disease and product knowledge, regulatory requirements, pharmacovigilance (PV), and medical information (MI). Santhera is fully committed to transparency reporting across all its operating countries, with regular internal audits to ensure adherence to both internal policies and external regulations, including EFPIA and ABPI codes.

At the group level, Santhera has established policies on scientific integrity, transparency, and appropriate interactions with healthcare professionals (HCPs). These include a social media policy, SOPs for approving promotional and non-promotional materials, guidelines for HCP interactions, and an anti-bribery policy. Employees are trained on these SOPs through the company's learning management system (LMS).

To maintain compliance, all promotional and non-promotional materials undergo review by the Medical/Legal/Regulatory (MLR) team at both global and local levels. A cloud-based approval and storage system ensures transparency by tracking comments and securing final approvals.

## Independent roles of the BoD

Santhera's Board of Directors (BoD) comprises four independent members, as detailed in the "Board of Directors" section (DCG3) on pages 131 et seq. The board members' previous positions have provided them with extensive expertise, enabling them to contribute significantly to the board's activities. However, Santhera recognizes the potential for conflicts of interest and takes proactive measures to address them when necessary as outlined in Santhera's Organizational Rules. Accordingly, the board is regarded as being independent. The Chairman of the BoD, Thomas Meier, served as Chief Executive Officer (CEO) of Santhera until 2019 and subsequently assumed the role of Chairman. Santhera acknowledges the recommended three-year interval between service on the executive board and membership on the BoD. However, Thomas Meier's ongoing contribution was deemed essential to support Santhera's growth and development during the interim period. This independence criterion is meanwhile satisfied. Otto Schwarz previously held the position of Chief Operating Officer (COO) at Actelion from 2008 to 2017. Idorsia, the successor company of Actelion, held in 2024 a ten percent (10%) shareholding in Santhera. To mitigate potential conflicts of interest, prior to any deliberations or votes concerning Idorsia, the BoD determines whether Otto Schwarz must recuse himself from said matters, thereby ensuring the prioritization of Santhera's interests. Until 2022 and solely regarding matters related to Santhera, Bradley C. Meyer served as an Advisor to Highbridge, a firm with which Santhera maintains financing agreements. Consequently, to mitigate potential conflicts of interest, prior to any deliberations or votes concerning Highbridge, the BoD determines whether Bradley Meyer must recuse himself from said matters, thereby ensuring the prioritization of Santhera's interests.

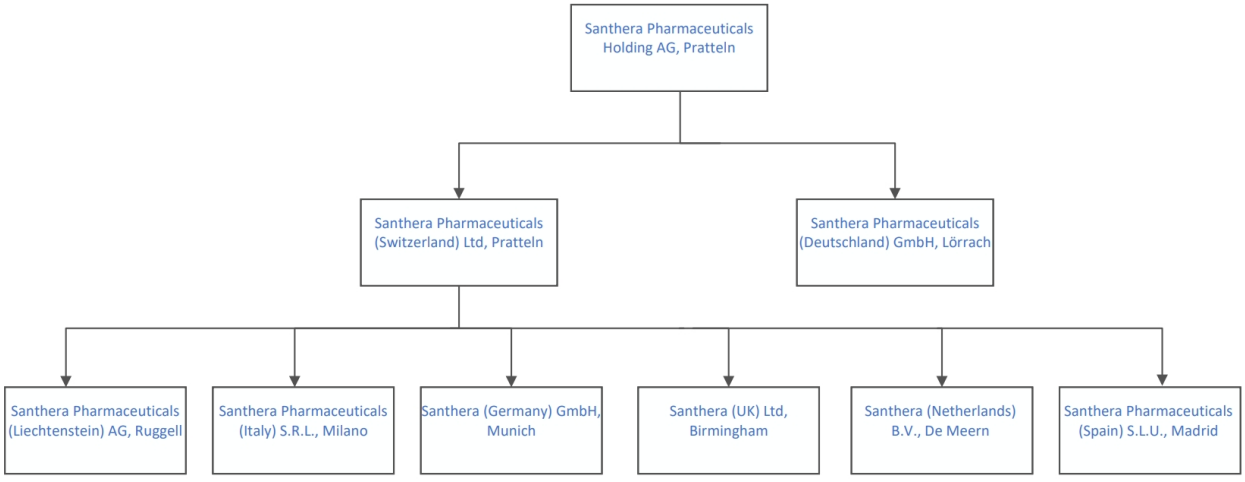
## Group Structure and Shareholders (DCG 1)

### *Group structure (DCG 1.1)*

*Listed company*

| | |
|---|---|
| Name | Santhera Pharmaceuticals Holding AG (**Company**, together with its affiliates, **Santhera**) |
| Legal domicile | Hohenrainstrasse 24, 4133 Pratteln, Switzerland |
| Commercial register number | CHE-105.388.338 |
| Listing | SIX Swiss Exchange |
| Symbol | SANN |
| Security ID | 127602882 |
| ISIN | CH1276028821 |
| Market capitalization | CHF 167.3 million (December 30, 2024) |
| Website | www.santhera.com |
| Duration of Company | Not limited |
| Subsidiaries | See following section as well as note 3.2 *"Investments in shareholdings"* to the statutory financial statements of the Company. |

Santhera operates through its wholly owned subsidiaries (DCG 1.1.3):



| Company | Share capital | Domicile | Activities |
|---|---|---|---|
| Santhera Pharmaceuticals (Schweiz) AG | CHF 125,000 | Pratteln, CH | Headquarters; development of pharmaceutical drugs, administrative functions |
| Santhera Pharmaceuticals (Liechtenstein) AG | CHF 50,000 | Ruggell, LI | Dormant / to be voluntarily liquidated |
| Santhera (Germany) GmbH | EUR 50,000 | München, DE | Commercial activities |
| Santhera (Netherlands) B.V. | EUR 50,000 | PV De Meern, NL | Pre-commercial activities |
| Santhera (UK) Limited | GBP 50,000 | Birmingham, GB | Pre-commercial activities |
| Santhera Pharmaceuticals (Italy) S.r.l. | EUR 50,000 | Milano, IT | Pre-commercial activities |
| Santhera Pharmaceuticals (Spain), S.L.U | EUR 50,000 | Madrid, ES | Pre-commercial activities |
| Santhera Pharmaceuticals (USA), Inc. | USD 1,000 | Burlington, Massachusetts, US | Voluntary liquidation completed on October 28, 2024 |
| Santhera Pharmaceuticals (Deutschland) GmbH | EUR 25,000 | Lörrach, DE | Regulatory and development in the EU, logistics and distribution |

None of these subsidiaries is listed on a stock exchange (DCG 1.1.2). The development activities are managed by Santhera Pharmaceuticals (Schweiz) AG and are mostly performed in Switzerland, the EU and the U.S. (DCG 1.1.1).

Each subsidiary has exactly one direct parent company which holds 100% of the shares or the quota of such subsidiary.

As a result of the restructuring of its operations following the decision to discontinue the further development of Puldysa in 2020, some of the subsidiaries in the EU have become dormant or are being liquidated. As a consequence of the license granted to Catalyst Pharmaceuticals with respect to the development and commercialization of AGAMREE® (vamorolone) in North America, Santhera Pharmaceuticals (USA), Inc. was voluntarily liquidated in 2024.

***Significant shareholders (DCG 1.2)***

See note 4.2 *"Significant Shareholders"* to the statutory financial statements of the Company.

***Cross-shareholdings (DCG 1.3)***

There are no cross-shareholdings.

## Capital Structure (DCG 2)

### *Ordinary, conditional and authorized capital (DCG 2.1/2.2)*

The Company has one class of 12,616,986 registered shares with a nominal value of CHF 0.10 each (**Shares**). As of December 31, 2024, it had the following ordinary, authorized and conditional share capital:

| Capital type | Articles of Association | Effectively outstanding Shares | | As per Commercial Register | | Expiry |
|---|---|---|---|---|---|---|
| Ordinary | 3 | 13,433,343 | | 12,558,845 | | N/A |
| Conditional in capital range | 3b | 6,041,155 | 45.0% | 6,041,155 | 48.1% | June 26, 2028 |
| Conditional for participation programs | 3c | 482,802 | 3.6% | 557,300 | 4.4% | N/A |
| Conditional for financings | 3d | 4,700,000 | 35.0% | 5,500,000 | 43.8% | June 26, 2038 |
| | | **11,223,957** | **83.6%** | **12,098,455** | **96.3%** | |

The number of shares entered into the commercial register does not usually reflect the number of shares that are effectively outstanding. The latter change to the extent that instruments such as options, share appreciation rights, convertible bonds, exchangeable notes or other equity-based instruments are exercised/converted. The Company has to report changes in conditional capital on a monthly basis to the SIX Swiss Exchange. These data are available from https://www.six-group.com/de/products-services/the-swiss-stock-exchange/market-data/shares/share-explorer/share-details.CH1276028821CHF4.html#/share-details.

Changes in conditional capital have to be updated in the Company's Articles (and hence in the commercial register) within three months from the end of any financial year. This time delay is the reason why these numbers are usually less accurate than those reported to SIX.

For details with regard to terms and conditions of potential share issues under the Company's capital range and conditional share capitals, see sections 3a, 3b, 3c and 3d of the Company's Articles, which can be downloaded from https://www.santhera.com/investors-and-media/investor-toolbox/governance, and the section on DCG 2.7 below.

For details with regard to the Company's participation plans ESOP, BSOP, ESARP, BSARP, ELTIP and EIP, see note 21 "Equity Rights Plans" to the consolidated financial statements.

### *Changes in share capital (DCG 2.3)*

For changes in capital that occurred in 2021, 2022 and 2023, see the Company's Annual Reports for 2021, 2022 and 2023, which can be downloaded at:

2021: Santhera 2021 Annual Report

2022: Santhera 2022 Annual Report

2023: Santhera 2023 Annual Report

For changes that took place in 2024, see note 12 "Share Capital" to the consolidated financial statements of the Company.

***Shares, participation and dividend right certificates (DCG 2.4/2.5)***

As of December 31, 2024, the Company had one single class of registered Shares with a nominal value of CHF 0.10 each. All Shares were fully paid in and are nonassessable. The Company has not issued any participation certificates nor any profit-sharing certificates.

The Company may issue its Shares in the form of uncertificated securities, single certificates or global certificates. The shareholder has no right to demand the printing and delivery of share certificates. However, a registered shareholder may, at any time, request the Company to confirm in writing its shareholding as entered into the share register. The transfer of the Shares is effected via electronic book entry only by the intermediary holding the securities account, usually a bank. The transferability of the Shares is not affected by the changes required by the Foreign Investment Screening Act (**FISA**).

Subject to section 5 in the Company's Articles on share register, transfer restrictions and nominees, each Share carries one vote (see section on DCG 2.6) and is entitled to dividends if the AGM resolves in favor of a dividend payment.

***Limitations on transferability and nominee registrations (DCG 2.6)***

The Company's Shares are freely transferable, provided that the acquirers declare that they acquired the Shares in their own name and for their own account. There is no percentage limitation (DCG 2.6.1), and accordingly, the Company did not grant any exception (DCG 2.6.2).

The Board may register individual nominees (**Nominees**) with the right to vote in the share register up to 2% of the share capital as set forth in the commercial register. Shares in excess of 2% of the total share capital are entered without voting rights, unless the Nominee discloses the names, addresses and number of Shares of persons for whose account it holds such excess Shares. Nominees are persons who do not explicitly declare to hold Shares for their own account. Groups of persons who are interrelated or otherwise act in concert to circumvent the Nominee provisions are treated as a Nominee (DCG 2.6.3). In the year under review, the Company granted no exception.

The Board delegated the administration of the share register to the Chief Legal Officer (CLO) who may cancel a registration of shareholders if such registration was based on false information and if the CLO has previously heard such shareholder or Nominee. No statutory privileges of limitations on transferability exist (DCG 2.6.4).

***Convertible bonds and warrants/options (DCG 2.7)***

For an overview of convertible bonds, see note 13.2 *"Financing arrangements – convertible bonds"*.

*Options, warrants*

See the statutory financial statements of the Company, note 13.1 *"Equity-linked financing arrangements"*, *note 13.2 "Financing arrangements – convertible bonds" and* note 21 "*Equity Rights Plans*" to the consolidated financial statements.

## Board of Directors (DCG 3)

***Board and committee memberships (DCG 3.1/3.2/3.3/3.4 and 3.5.2)***

Composition of the Board of Directors (**BoD**), the Audit & Compliance Committee (**ACC**), the Nomination & Compensation Committee (N**CC**) and the Scientific Committee (**SC**):

| | Year of birth | Nationality | First elected | BoD | ACC | NCC | SC |
|---|---|---|---|---|---|---|---|
| Thomas Meier[1] | 1962 | DE | 2017 | ✿ | X | X | ✿ |
| Philipp Gutzwiller | 1968 | CH | 2017 | X | ✿ | | |
| Bradley C. Meyer[2] | 1979 | Australia | 2023 | X | | ✿ | |
| Otto Schwarz | 1955 | Austria / CH | 2023 | X | | | |

✿ = Chairman X = Member

1. Thomas Meier was also Delegate of the Board and CEO of Santhera until November 30, 2019. Thereafter, he remained an employee of the Company until December 31, 2020 and acted as an advisor to the CEO. He was elected as Chairman at the 2022 AGM on June 30, 2022.
2. Before being elected to the Board, Bradley C. Meyer had been a Board observer.

*Thomas Meier*

Thomas Meier, born 1962, German citizen, became a Member of Santhera's Board in 2017 and was elected Chairman of the Board at the 2022 AGM. Thomas Meier is a member of the Audit & Compliance Committee, the Nomination & Compensation Committee and the Scientific Committee. He is both a non-executive and an independent Board Member.

Thomas Meier holds a PhD in Biology from the University of Basel and qualified as lecturer for neurosciences at the University of Basel before joining the industry. He has close to 25 years' experience as life-science and biotech entrepreneur, executive manager and Board member and is an internationally recognized scientist with a track record in clinical research of orphan diseases.

He is a founder of Santhera and served as Chief Scientific Officer (2004 to 2019) and Santhera's Chief Executive Officer (2011 to 2019). From 2000 to 2004 he was founder and Chief Executive Officer of MyoContract AG, a research company focused on orphan neuromuscular diseases and the first start-up company originating from the Biozentrum, University of Basel.

Currently Thomas Meier is managing partner of Viopas Venture Consulting GmbH, a Swiss consultancy and advisory firm for the healthcare industry. He also is a member of the Board of Directors of the privately held Visgenx Inc. (USA) and public Onconetix Inc. (USA) as well as chairman of privately held Novaremed AG (Switzerland) and SEAL Therapeutics AG (Switzerland). Previously, he acted as chairman of the privately held company Pharmabiome AG (Switzerland) until 2021.

*Philipp Gutzwiller*

Philipp Gutzwiller, born 1968, Swiss citizen, is a Member of Santhera's Board and its Audit & Compliance Committee since 2017. He is both a non-executive and an independent Board Member.

Philipp Gutzwiller has an MSc (Finance and Economics), University of Basel.

Philipp Gutzwiller was a Managing Director in investment and commercial banking at UBS, Lloyds Banking Group and Mizuho. During his 24 years as a banker, Philipp supported corporate clients in the healthcare and life sciences industry on M&A transactions, corporate finance projects, risk management and capital market transactions.

Prior to his banking career, Philipp worked in the Corporate Finance Team of F. Hoffmann-La Roche AG in both operational and transactional roles.

*Bradley C. Meyer*

Bradley C. Meyer, born 1979, Australian citizen, is a Member of Santhera's Board and the Chairman of the Compensation Committee since 2023. He is both a non-executive and independent Board Member.

Bradley C. Meyer is the founding partner of and a senior advisor at Ducera Partners and has vast experience in M&A, financial and other advisory services. He was a founding member of Millstein & Co and, previously, the managing director of Perella Weinberg Partners, with core competencies in finance and advisory services. From 2003 to 2012, Bradley C. Meyer was a member of the financial restructuring group of Houlihan Lokey. Previous work experience includes Lazard as a member of the M&A group. He is a graduate of Harvard University and currently serves on the board of directors of Aveng Group, AliveDx and Biocartis.

*Otto Schwarz*

Otto Schwarz, born 1955, Austrian and Swiss citizen, is a Member of Santhera's Board. He is both a non-executive and independent Board Member.

Otto Schwarz, PhD, is the former COO of Actelion Pharmaceuticals Ltd (2008-2017). He is a pharmacist with a PhD from the University of Vienna and was a post-doc at the University of Florida. Currently, he is Managing Director of Concentus Consulting, Switzerland. Prior to Actelion, he was Executive Board Member of Altana Pharma, Germany (2004-2008) and before that spent 16 years at Schering-Plough and 4 years at Eli Lilly. He is currently on the board of privately held Stalicla, Lausanne, and has been a board member of Kiadis Pharma AB/Netherlands and Chairman of the Board of Arvelle Therapeutics/Netherlands until the sale of both companies in 2021. He also served for 3 years as member of the foundation board of the MAX7 Foundation/Germany.

***Business connections between Board members and the Company (DCG 3.1.c).***

See note 29 "*Transactions with Related Parties*" to the consolidated financial statements.

***Other activities and vested interests (DCG 3.2)***

Other than described above, none of the members of the Board has any position in governing or supervisory bodies of any major organization, institution or foundation under private or public law, permanent management or consultancy function for major interest groups, official function or political mandate.

***Number of permitted activities (DCG 3.3)***

See table in section on DCG 4.3.

***Elections and terms of office (DCG 3.4)***

According to the Company's Articles, the Board consists of no more than eight members. All members of the Board, including the Chairman in his function as a chairman, are appointed or removed exclusively by a resolution of the shareholders. The Board members are elected on an individual basis for a term of office which must not exceed one year, whereby a year means the period between two AGMs. The terms of the Board members end at the 2025 AGM. There are no rules in the Company's Articles that differ from legal provisions with regard to the appointment of the Chairman, the members of the Nomination & Compensation Committee and the independent proxy.

***Organizational structure/areas of responsibility and information flow (DCG 3.5)***

*Allocation of tasks within the Board (DCG 3.5.1)*

In accordance with the Organizational Rules of the Company, the Chairman convenes and presides over the Board meetings. After consultation with the CEO, the CFO and the CLO, who also acts as the Secretary to the Board, he decides on agenda items and motions. The other Board members may request that items be placed on the agenda. In case of urgency, the Chairman may approve transactions and measures on behalf of the full Board. The Board also approves the Company's news releases.

*The Board committees (DCG 3.5.2)*

The Nomination & Compensation Committee (NCC) consists of two Board members, Bradley C. Meyer (Chairman) and Thomas Meier (member). The members of the NCC are elected individually by the AGM for a term of office until the end of the next AGM. The NCC's Chairman is elected by the Board.

The Audit & Compliance Committee (ACC) consists of two Board members, Philipp Gutzwiller (Chairman) and Thomas Meier (member). Chairman and member of the ACC are elected by the Board.

The Scientific Committee consists of one Board member, Thomas Meier (Chairman). He is elected by the Board.

***Board - organizational structure and areas of responsibility (DCG 3.5/3.6)***

*Core tasks of the Board*

The Board is entrusted with the ultimate direction of the Company and the supervision of the Executive Management. The Board's nontransferable and inalienable duties include the following:

- The ultimate management of the Company, by determining the strategy of the Company based on discussions with Executive Management, e.g., whether to evaluate, pursue or execute a financing, an M&A or a licensing transaction or the commercialization strategy for AGAMREE.
- The determination of the organizational structure of the Company, in terms of both organization by departments and organization through the legal structure of the Group.
- The oversight of the accounting system, financial control (including the Company's internal control

system, risk management as well as financial planning), through structured processes of budgeting/forecasting (both bottom up and top down), variance analyses, regular latest estimates and invoice approvals.

- The appointment, recall and supervision of the Executive Management, the determination of their areas of responsibility and their signing authorities.

The Board is also responsible for the preparation of the Annual Report, AGM and EGMs (if any), carrying out shareholders' resolutions, and notification to the judge in case of overindebtedness of the Company.

The Board has delegated the execution of the strategies defined by it and the day-to-day management of the Company to the Executive Management under the leadership of the CEO. The Executive Team is supported by a management team where major functions are represented (business development, marketing, sales, partnering, communications & investor relations, Legal & Compliance, People & Culture, clinical operations).

*Work methods of the Board and its Committees (DCG 3.5.3)*

*Board*

The adoption of resolutions and elections by the Board requires a majority of the votes cast. To validly pass a resolution, more than half of the members of the Board must be present at the meeting. In case of an impasse, the Chairman has a casting vote. In the period under review, all resolutions by the Board were taken unanimously. Meetings may also be held by tele- or videoconference and resolutions may be taken by circular. The latter can be the case where the BoD is very familiar with the project (e.g., if it has been continuously updated before taking such resolution). In very few instances, e.g., due to the urgency of a situation, the Board has approved a transaction in principle and authorized CEO, CFO and CLO to negotiate details as long as they remained substantially the same as those presented to it.

*Audit & Compliance Committee*

The Audit & Compliance Committee (**ACC**) reviews, discusses with management and recommends for approval by the BoD the financial statements and the financial information contained in news releases. It reviews and discusses with management significant financial reporting issues, significant changes to the accounting principles, the adequacy of the internal controls, any special audits, and the effect of regulatory and accounting initiatives. The ACC can invite the Company's auditors, consultants and legal advisers to any of its meetings and discuss any ACC related topic with such parties. The ACC monitors the integrity of the financial statements of the Company, assesses the independent audit firm's and its representatives' qualifications, the performance of the Company's internal audit function and independent public accountants, and the compliance of the Company with legal and regulatory requirements.

The ACC has the authority to suggest to the whole BoD the appointment or replacement of the auditors. On two occasions in 2024, the meetings of the Board and the ACC were combined. The duration of such meeting was allocated pro forma 35% to the ACC and 65% to the BoD (see table below about meeting duration).

*Nomination & Compensation Committee*

The tasks of the Nomination & Compensation Committee are described in the Compensation Report under "Compensation Governance".

*Scientific Committee*

The purpose of the SC is to assist the Board in its oversight of the Company's research and development strategy. Due to the size of the Board, the SC did not hold any further meetings since 2022 and will not do so until the Board decides otherwise.

In the past, CEO, CMO and Head Development/Head Medical Affairs, Head Business Development and Secretary to the Board would participate in such meetings. The SC reports its actions and recommendations to the Board at the meeting of the Board following each SC meeting. Its core tasks include to provide strategic advice to the Board regarding current and planned research and development programs and activities, to evaluate the effectiveness of the Company's R&D Operations and activities, to evaluate inlicensing or partnering opportunities and monitor compliance with the Company's standards of scientific integrity.

*Meetings in 2024*

| Corporate Body | In person meetings | Tele- and video-conferences | Circular resolutions | Average duration in hrs |
|---|---|---|---|---|
| Board of Directors | 4 | 12 | 3 | 2 |
| Audit & Compliance Committee | 2 | 4 | - | 1 |
| Nomination & Compensation Committee | - | 9 | - | 1 |

***Information and control instruments vis-à-vis the Executive Management (DCG 3.7)***

As a rule, all Executives participate in the Board meetings and report to the Board on the current course of business and all significant issues and transactions. Other members of senior management may be invited to attend to present and discuss certain agenda items covering their area of expertise, for example, to discuss results and progress of clinical studies and submissions to regulatory authorities. From time to time, the Board also invites the Company's auditors and tax, legal or other advisors to its meetings.

In the year under review, the Board discussed the Company's strategy, major projects and risks. It evaluated potential M&A, outlicensing transactions, equity-based and non-dilutive funding.

Among the key risks identified at the beginning of 2024 were the financial situation and the going concern of the Company, the commercialization of vamorolone (subject to regulatory approval), the negotiations with governmental authorities about the reimbursed price for AGAMREE, a potential loss of key personnel, compliance (**GxP**, compliance and compliance with respect to interactions with healthcare professionals and qualification and validation of computerized systems). For all these risks, mitigation strategies were put in place.

Extraordinary transactions and issues must be reported by the CEO to the Board immediately. CEO, CFO and CLO are in regular contact with the Board. Each member of the Board is entitled to request and receive information on all matters of the Company and has access to the Company's and the Company's subsidiaries' property, records and personnel.

Due to its size, Santhera does not have an internal audit function, but parts of this function have been allocated to its finance department, head of compliance and the manager of quality assurance. In the year under review, the Company has continuously improved certain of its financial processes.

***Gender guidelines (DCG 3.8 and 4.5)***

The Company has not implemented any gender guidelines but plans to do so in due course of time.

## Executive Management (DCG 4 and 3.6)

In 2024, the Executive Management consisted of six Executives[1].

| Executive | Function | Nationality | Year of birth |
|---|---|---|---|
| Dario Eklund | Chief Executive Officer (CEO) | AT/FI | 1968 |
| Andrew Smith | Chief Financial Officer (CFO) | GB | 1962 |
| Shabir Hasham | Chief Medical Officer (CMO) | GB | 1970 |
| Oliver P. Kronenberg[1] | Chief Legal Officer (CLO) & Corporate Secretary | CH | 1968 |
| Marc Schrader | Chief Technology Officer | CH | 1971 |
| Geert-Jan van Daal | Chief Commercial Officer | NL | 1960 |
| Oliver Strub[2] | General Counsel & Corporate Secretary | CH | 1963 |

[1] as of 1 August 2024

[2] until 31 July 2024

Members of the Executive Management are appointed by the Board upon proposal by the Nomination & Compensation Committee.

During the Board and Board committee meetings, the CEO reports to the Board and whenever required on an ad hoc basis.

The CEO, together with Executive Management, is responsible for implementation of the strategy and the decisions taken by the Board and its Committees within the approved budget. With the support of the management team - consisting of the members of Executive Management, the Head of Development & Deputy CMO, the Global Head People & Culture, the Head Global Marketing & Partner Management, the EVP Corporate Planning & Business Development - he prepares the business strategy and business plan for decision by the Board. The CEO approves material contracts, decides on the Company's intellectual property rights and the handling of lawsuits. He also allocates financial, personnel and other resources within Santhera and supervises the members of the management team. The management team has regular meetings that usually cover the following topics: product revenues, alliance management, development programs and clinical studies, regulatory strategies, resource allocation, business development, competitive situation, risk management and internal control system, corporate affairs including important contracts, supply chain and information on subsidiaries, financing situation and strategies, internal and external financial reporting, financial controlling, public and investor relations, people & culture, taxes, legal and compliance.

*Dario Eklund*

Dario Eklund, born 1968, Finnish and Austrian citizen, is Santhera's CEO since December 1, 2019.

Dario has an MSc in Economics and graduated from the Swedish School of Economics and Business Administration in Helsinki (Finland).

From 2014 to 2019, Dario Eklund was Chief Commercial Officer of Vifor Pharma. He was a member of Vifor's

Corporate Executive Committee and a member of the Board of Directors of the joint venture with Fresenius Medical Care (Vifor Fresenius Medical Care Renal Pharma Ltd.). From 2005 to 2014, he served as Vice President and member of Executive Committee of Organogenesis, a NASDAQ-listed world leading company in regenerative medicine and cell therapy with three approved products. From 2002 to 2004, he was General Manager Switzerland of Sanofi. From 1994 to 2002, he served as Global Commercial Director, Biotechnology (1999 to 2002), Area Director, Eastern Europe & Israel (1997 to 1999) and Area Manager, Eastern European countries (1994 to 1996) of Novartis.

He has no other activities and vested interests.

*Andrew Smith*

Andrew Smith, born 1962, British citizen, joined Santhera as Chief Financial Officer (**CFO**) on April 1, 2020, and is also responsible for IT.

Andrew is a Fellow of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant. He studied business and accounting at Liverpool John Moores University and Durham University Business School.

He joined Santhera with broad experience in corporate and operational finance in the pharmaceutical and biotech industry and public accounting. Prior to joining Santhera, he was CFO and COO at Allecra Therapeutics GmbH, a clinical-stage biopharmaceutical company developing novel therapies to combat antibiotic resistance (2017-2020). Previously, Andrew was CFO (2015-2017) and VP Finance (2011-2014) of NASDAQ-listed Sucampo Pharmaceuticals Inc., based in the US, and Finance Director (2009-2010) Sucampo UK. Earlier, he served as Director (2006-2009) for Retroscreen Virology Ltd., a contract virology company assisting in development of influenza vaccines, and Finance Director (2004-2006) of Clearlab Europe, following its acquisition of VisionTec CL, contact lens developer, of which he was co-founder and member of its Board of Directors (2001-2004). In addition, between 1989-2001, he held senior financial management positions at Biocompatibles plc, Hydron Ltd and Allergan Inc. and in public accounting from 1981-1989.

Andrew served during the year as a non-executive board member of Arix Bioscience plc, United Kingdom and resigned in February 2024.

*Shabir Hasham*

Shabir Hasham, born 1970, British citizen, joined Santhera in 2015. Shabir has been appointed as Chief Medical Officer (**CMO**) and Member of the Executive Management Team, effective May 1, 2022.

Shabir completed his medical studies with an MBBS (Bachelor of Medicine and Surgery) degree from St Bartholomew's School of Medicine, equivalent to a Doctor of Medicine (MD) in other jurisdictions. Prior to that, Shabir obtained a Bachelor of Science degree (Hons) in Immunopathology and Basic Medical Science from Imperial College London. After subsequently working as a physician with the UK NHS for a number of years, Shabir augmented his education by completing an MPhil in Bioscience Enterprise (MBE), a Master's degree in biotechnology and strategic models of commercialization, a joint program from University of Cambridge Institute of Biotechnology and The Judge School of Management, for which he was awarded a full scholarship. In 2003, he joined the pharmaceutical industry.

At Santhera, before becoming CMO, he served as Global Development Program Lead & Global Head Medical Affairs (2019-2022) and Head of Medical Affairs EU & RoW (2015-2019). Before joining Santhera in 2015, Shabir

held various positions at Novartis (2007-2015) including EU Medical Director (2013-2015) and Global Associate Brand Director (2009-2013) for the Neuroscience franchise at Novartis Pharma, and Senior Medical Manager (2007-2010) at Novartis Oncology, contributing to global and regional clinical development, medical affairs and launch plans for new products. Earlier in his career, Shabir held medical manager and advisor roles within the neuroscience franchise at Biogen Idec (2006-2007) and Pfizer's cardiovascular business (2003-2006).

He has no other activities and vested interests.

*Oliver P. Kronenberg*

Oliver P. Kronenberg, born 1968, Swiss citizen, joined Santhera as Chief Legal Officer (CLO), Corporate Secretary and member of Santhera's Executive Management Team effective August 1, 2024. Prior to his new role, he was Group General Counsel of Vifor Pharma and a member of its Executive Committee. In such role, he led significant M&A transactions, including the USD 12 billion acquisition of Vifor Pharma by CSL. He has extensive expertise in licensing transactions, antitrust law, corporate matters and litigations. Oliver started his career in the life science industry at Ferring Pharmaceuticals and Kuros Biosurgery.

Oliver holds a Doctorate in Law from the University of Basel, a LLM degree from the College of Europe in Bruges, Belgium, and the Board Director diploma from the IMD in Lausanne. He is admitted to the bar in Switzerland.

Oliver served during the year as a non-executive board member of cp premium helmets ag, Switzerland and was managing partner of Vantage Advisory LLC and Hälsa Sportsconsulting & Media GmbH, both located in Switzerland.

*Marc Schrader*

Marc Schrader, born 1971, Swiss citizen, joined Santhera Pharmaceuticals as Head of Technical Development & Operations in September 2022 and has over 20 years of experience in the pharmaceutical industry. He has extensive expertise in CMC, dealing with complex global pharmaceutical development programs of new chemical entities (small molecules) in early and late clinical stage, clinical and commercial production, product life cycle management, outsourcing and CDMO management, CMC due diligence, CMC regulatory affairs and cGMP.

Prior to joining Santhera, Marc held diverse leadership roles in pharmaceutical development, CMC and drug product operations for small molecules across several organizations including Tillotts Pharma AG, Actelion Pharmaceuticals Ltd and Janssen Pharmaceutica N.V./Johnson & Johnson.

Marc is a Pharmacist by training and holds a degree in pharmaceutical medicine from the European Center of Pharmaceutical Medicine (ECPM).

He has no other activities and vested interests.

*Geert-Jan van Daal*

Geert Jan, born 1960, Dutch citizen, has 25+ years of pharmaceutical industry experience and joined Santhera at the beginning of 2015. He was instrumental in building the Santhera European Commercial Operations and in the successful European launch of Raxone in LHON. During the last 3 years he was a member of the Santhera management team and served as VP, Head Region Western Europe, which also comprised the management

of European Market Access and European Strategic Marketing functions. Since January 2021 he also served as Global Program Lead ad interim for the lonodelestat development program.

Before joining Santhera, Geert Jan held positions as Medical Director, Business Unit Director and General Manager in start-up teams in Serono, Actelion and InterMune. He successfully launched and marketed products in a wide variety of rare and orphan diseases in neurology, pediatric diseases, endocrinology, pulmonology, cardiology, rheumatology, metabolic disease and neuro-ophthalmology. Initially he started to work at Reed-Elsevier's Excerpta Medica Medical Communications, until he joined the pharmaceutical industry in 1995.

Geert Jan completed his medical studies in Rotterdam with a MD degree in 1992 and he also holds a PhD from Erasmus University Rotterdam in The Netherlands.

He has no other activities and vested interests.

*Other activities and vested interests (DCG 4.2)*

Other than described above, no member of Executive Management has any position in governing or supervisory bodies of any major organization, institution or foundation under private or public law, permanent management or consultancy function for major interest groups, official function or political post.

***Permitted mandates in other companies (DCG 3.3 and 4.3)***

| Body | Maximum of mandates on board of listed companies | Maximum of mandates on board of privately held companies |
|---|---|---|
| Board members | 4 | 8 |
| Members of Executive Management | 2 | 4 |

***Management contracts (DCG 4.4)***

There are no management contracts between the Company and third parties.

## Compensation, Shareholdings and Loans (DCG 5)

An extensive description of the compensation system and the amounts paid in the year under review are available in the separate Compensation Report of this Annual Report.

## Shareholders' Participation Rights (DCG 6)

***Voting rights restrictions and representation (DCG 6.1)***

Subject to the provisions with respect to nominees in the Company's Articles (Article 5), there are no voting rights restrictions and no statutory group clauses, and hence no rules on making exceptions. As a consequence, there is neither a procedure nor a condition for their cancellation.

For details, see Section on DCG 2.6.

A shareholder may be represented by his legal representative, the independent proxy or by another shareholder. Shareholders can instruct the independent proxy by completing an instruction form. There are no

provisions in the Company's Articles of Incorporation that differ from statutory provisions where the participation of shareholders in the AGM is concerned (DCG 6.1.5).

***Quorums required by the Articles of Association (DCG 6.2)***

There are no statutory quorums which differ from the applicable legal provisions. Changes - if required by the amended corporate law - will be implemented in due course of time.

***Convocation of the general meeting of shareholders (DCG 6.3)***

Currently, the Articles of Incorporation require 10% of the share capital to call an extraordinary general meeting. The amended corporate law provides that 5% are sufficient to do so. The Company will propose a respective amendment to the Articles of Incorporation in due course of time.

***Inclusion of items on the agenda (DCG 6.4)***

The Board decides on agenda items and motions of the AGM. Shareholders with voting rights whose combined holdings represent Shares with a nominal value of at least CHF 1 million or 10% of the Company's share capital may, up to 60 days before the date of the meeting, demand that items be included in the agenda. Such a request must be in writing and must specify the items and the motions to be submitted. The amended corporate law provides that 0.5% of the share capital is sufficient to demand that agenda items be included. The Company will propose a respective amendment to the Articles of Incorporation in due course of time.

***Entries in the share register (DCG 6.5)***

Shareholders entered into the share register as shareholders on a specific qualifying day designated by the Board (record date), which is usually less than five business days before the AGM, are entitled to attend such AGM and to exercise their votes.

## Changes of Control and Defense Measures (DCG 7)

***Duty to make an offer (DCG 7.1)***

Santhera's shareholders resolved to cancel the opting out provision at the 2019 AGM. As a result, art. 135 FMIA applies, according to which anyone who acquires 33 1/3% of the voting rights of a company must make an offer to acquire all listed equity securities of such company.

***Clauses on changes of control (DCG 7.2)***

The ESOP 2004, 2008, 2010, 2015, the BSOP 2011 and 2015, the BSARPs, ESARPs and ELTIPs, under which most options, SARs (share appreciation rights), PSUs (performance share units) and RSUs (restricted share units) have been granted, contain clauses according to which all instruments granted under these plans vest immediately upon a sale of more than 50% of the Shares. As soon as RSUs vest, the restriction period is waived. As soon as PSUs vest, all performance criteria are deemed to be fulfilled. As soon as another instrument vests, all conditions are deemed fulfilled and any restriction is waived.

Other than that, as of December 31, 2023, agreements and plans from which members of the Board and/or the Executive Management or other members of senior management benefit or may benefit contain no clauses on changes of control.

## Auditors (DCG 8)

***Duration of the mandate and term of office of the lead auditor (DCG 8.1)***

Ernst & Young, Basel, assumed the existing auditing engagement for Santhera's predecessor company MyoContract in 2002 (DCG 8.1.1). The Shareholders' Meeting elects the Company's auditors for a term of office of one year. The auditor in charge is Martin Mattes. He assumed his responsibility in 2022 (DCG 8.1.2).

***Auditing fees and additional fees (DCG 8.2/8.3)***

The following fees were charged in the 12-month period ended December 31 for professional services rendered by Ernst & Young (audit-related fees have been incurred in connection with capital increases and related comfort letters and review procedures):

| *In CHF thousands* | **2024** | **2023** |
|---|---|---|
| Audit services | 1,052 | 789 |
| Audit related services | 47 | 68 |
| Other services | 40 | 80 |

Audit services are defined as the standard audit work that needs to be performed each year in order to issue an opinion on the consolidated financial statements of Santhera and to issue reports on the local statutory financial statements. It also includes services that can only be provided by the Group auditor and includes the verification of the implementation of new or revised accounting policies and from reporting periods 2007 onwards the audit of the Company's internal control system and risk management. Audit-related services include those other services provided by auditors but not restricted to those that can only be provided by the auditor signing the audit report. They comprise services in relation to general accounting matters. For reasons of good corporate governance, Santhera contracted the provision of tax and internal control system/risk management services to a company other than Ernst & Young.

***Information instruments pertaining to the external audit (DCG 8.4)***

The Board performs its supervisory and control functions towards the external auditors. In particular, the Board or the Audit & Compliance Committee meets with the auditors at the end of an audit or review to discuss in depth the audit procedures, any findings made and recommendations proposed. The auditor's reports to the Board are also extensively discussed. All Board and Board Committee minutes, together with any pre-reads, are shared with the auditors. Material contracts are also shared, together with internal memos that are relevant for the auditors. In addition, the auditors have access to certain finance applications, receive legal letters from law firms and documents that contain representations of Board and Executive Management.

## Information Policy (DCG 9)

Santhera reports to its shareholders, employees, business partners and other public stakeholders in an open, transparent and timely manner. Equal treatment of all stakeholders is the guiding principle behind its partnership-based approach. In doing so, Santhera is able to promote an understanding of its objectives, strategy and business activities, and to ensure an increasing degree of awareness about Santhera. The Company has adopted a comprehensive disclosure policy to protect Santhera's interests and assets, to

release material information in a timely and controlled manner, to observe the legal requirements and rules and in particular to also distinguish competencies and responsibilities of corporate and strategic disclosure and those applicable in marketing and sales or development.

The most important information tools are news releases, the AGMs, the Annual Report, the Interim Report and the website www.santhera.com. In addition, Santhera communicates on social media, including LinkedIn, X (formerly Twitter), Facebook and Instagram.

Investors and other parties interested in subscribing to the Company's news service may do so by registering themselves on www.santhera.com/news-subscriptions.

For contact details, see www.santhera.com/contact.

***Corporate events 2025***

The 2025 Annual General Meeting will be held on May 20, 2025 in Pratteln. See also www.santhera.com/corporate-calendar.

## Quiet Periods (DCG 10)

The Company has a policy according to which every Santhera director, officer and employee must obtain pre-clearance from the Chief Legal Officer before engaging in a transaction with respect to any Santhera security (e.g. Santhera shares and Convertible Bonds). During quiet periods, no pre-clearance request shall be granted. Quiet periods begin two weeks before the public release of Santhera's financial statements and end at the close of business one day after such release. For the 2024 Annual Report, the quiet period started on April 16, 2025 and ended on May 1, 2025, at close of business. As of the date of this report, no decision has been made on subsequent reporting dates; therefore, it is not possible to determine the related quiet periods.

## Contact

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# 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. The Company has an exclusive license from ReveraGen for all indications worldwide to AGAMREE® (vamorolone), a dissociative steroid with novel mode of action, which was investigated in a pivotal study in patients with Duchenne muscular dystrophy (DMD) as an alternative to standard corticosteroids. AGAMREE for the treatment of DMD is approved in the U.S. by the Food and Drug Administration (FDA), in the EU by the European Medicines Agency (EMA), and in the UK by the Medicines and Healthcare products Regulatory Agency (MHRA). Santhera has outlicensed rights to vamorolone for North America to Catalyst Pharmaceuticals, Inc. and for China to Sperogenix Therapeutics. For further information, please visit www.santhera.com.

*AGAMREE® is a trademark of Santhera Pharmaceuticals.*

# Forward-Looking Statements

This Annual Report expressly or implicitly contains certain forward-looking statements concerning Santhera Pharmaceuticals Holding AG and its business. Such statements involve certain known and unknown risks, uncertainties and other factors, which could cause the actual results, financial condition, performance or achievements of Santhera Pharmaceuticals Holding AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. There can be no guarantee that any of the development projects described will succeed or that any new products or indications will be brought to market. Similarly, there can be no guarantee that Santhera Pharmaceuticals Holding AG or any future product or indication will achieve any particular level of revenue. In particular, management's expectations could be affected by, among other things, uncertainties involved in the development of new pharmaceutical products, including unexpected clinical trial results; unexpected regulatory actions or delays or government regulation generally; the Company's ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing and other political pressures. Santhera Pharmaceuticals Holding AG is providing the information in this Annual Report as of the date of the publication and does not undertake any obligation to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

Their Future. Our Focus.

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