



Invitation to the Annual General Meeting

Date: April 13, 2022, 2:00 p.m. CEST

Place: Grenzacherstrasse 487, 4058 Basel, Switzerland

Basel, March 23, 2022

Important information regarding COVID-19

Dear Shareholders,

The situation regarding the coronavirus (COVID-19) remains uncertain and therefore unfortunately once more it does not allow us to hold the Annual General Meeting in the conventional way.

In accordance with the Swiss Federal Council's COVID-19 Ordinance 3, the Board of Directors of Basilea Pharmaceutica Ltd. has decided to hold the 2022 Annual General Meeting without the physical presence of shareholders.

The Board of Directors has taken this decision with great regret, but it considers this measure necessary to protect the health of shareholders and everyone involved in the Annual General Meeting.

Accordingly, shareholders can only exercise their shareholder rights via the Independent Proxy. Detailed information as to how to give voting instructions to the Independent Proxy (in writing or electronically through the e-voting platform) can be found in the "Organizational Notes" included in this invitation.

On behalf of the Board of Directors, I thank you for your understanding. I hope that I will be able to welcome you at the Annual General Meeting in 2023, under normal circumstances.

Sincerely,

Domenico Scala, Chairman
Basilea Pharmaceutica Ltd.

Agenda and proposals of the Board of Directors

1. Annual Report, Financial Statements, and Consolidated Financial Statements for 2021

Proposal:

Approval of the annual report, financial statements, and consolidated financial statements for the financial year 2021.

For further information, please refer to the Appendix.

2. Appropriation of the results

Proposal:

Carry forward of the accumulated deficit of CHF 24,692,286.

3. Discharge of the members of the Board of Directors and of the Management Committee

Proposal:

Discharge of the members of the Board of Directors and of the Management Committee for the financial year 2021.

4. Election of the Chairman and the members of the Board of Directors

Proposals:

- 4a Re-election of Mr. Domenico Scala as Chairman
- 4b Election of Mr. Leonard Kruimer
- 4c Re-election of Dr. Martin Nicklasson
- 4d Re-election of Dr. Nicole Onetto
- 4e Re-election of Mr. Steven D. Skolsky
- 4f Re-election of Dr. Thomas Werner

For further information, please refer to the Appendix.

5. Election of the members of the Compensation Committee

Proposals:

- 5a Re-election of Dr. Martin Nicklasson
- 5b Re-election of Dr. Nicole Onetto
- 5c Re-election of Dr. Thomas Werner

For further information, please refer to the Appendix.

6. Compensation for the Board of Directors and the Management Committee

6a Maximum aggregate amount of compensation for the Board of Directors

Proposal:

Approval of the amount of CHF 1,430,000 as the maximum aggregate amount of compensation for the Board of Directors for the period from the AGM 2022 to the AGM 2023.

For further information, please refer to the Appendix.

6b Maximum aggregate amount of compensation for the Management Committee

Proposal:

Approval of the amount of CHF 6,280,000 as the maximum aggregate amount of total compensation (fixed and variable) for the Management Committee for the financial year 2023.

For further information, please refer to the Appendix.

6c Non-binding advisory vote on the 2021 Compensation Report

Proposal:

Endorsement of the 2021 Compensation Report in a non-binding advisory vote.

For further information, please refer to the Appendix.

7. Amendment to the Articles of Association relating to conditional share capital

Proposal:

Amendment of Article 3a par. 3 of the Articles of Association to create the option to increase the company's share capital up to a maximum of CHF 2'000'000 by issuing a maximum of 2'000'000 registered shares solely for the purpose of refinancing convertible bonds, if required.

For further information and the wording of the proposed amendment to the Articles of Association, please refer to the Appendix.

8. Amendment to the Articles of Association relating to Basilea's registered office

Proposal:

Amendment of Article 1 of the Articles of Association to change Basilea's registered office following the move of headquarters.

For further information and the wording of the proposed amendment to the Articles of Association, please refer to the Appendix.

9. Election of the Independent Proxy

Proposal:

Re-election of Dr. Caroline Cron, Attorney-at-law, Lenz Caemmerer, as Independent Proxy for a term until the end of the next AGM.

10. Election of the Auditors

Proposal:

Re-election of PricewaterhouseCoopers Ltd., Basel, as auditors for the consolidated financial statements and the standalone financial statements of Basilea Pharmaceutica Ltd. for the financial year 2022.



Organizational Notes

Shareholders who are recorded in the share register with voting rights as per **April 5, 2022** at 5:00 p.m. CEST are entitled to exercise their voting rights at the 2022 Annual General Meeting (AGM). The registration of shareholders for voting purposes does not affect the possibility to trade in Basilea shares.

Representation:

In accordance with the Swiss Federal Council's COVID-19 Ordinance 3, the Board of Directors of Basilea Pharmaceutica Ltd. has decided to hold the 2022 AGM without the physical presence of shareholders.

Accordingly, shareholders can only exercise their shareholder rights at the AGM via the Independent Proxy, Dr. Caroline Cron, Attorney-at-law, Lenz Caemmerer, Elisabethenstrasse 15, P.O. Box 430, 4010 Basel, Switzerland.

The voting instructions to the Independent Proxy can be issued in two ways:

- 1) In writing with the enclosed form
or
- 2) Electronically on www.gvote.ch. The electronic instructions can be amended at any time until April 11, 2022, 11:59 p.m. CEST. For further information, please refer to the enclosed e-voting fact sheet.

If you have any questions relating to the AGM in this special situation, please send an e-mail to us at the following address: AGM-Information@basilea.com.

Annual Report 2021:

The Annual Report 2021 is available at www.basilea.com/financial-reports. The full Annual Report is available in English and a short version is available in German. Hard copies can be ordered by using the enclosed form. From March 23, 2022, the full Annual Report and the reports of the Auditors will be available for inspection by shareholders at our Basel offices.

Sincerely,

Basilea Pharmaceutica Ltd.
Board of Directors

Appendix

Explanations to Agenda Item 1:

Approval of the Annual Report, Financial Statements and Consolidated Financial Statements for 2021

Basilea delivered very strong financial results in 2021. Non-deferred revenue contributions from the two marketed products, Cresemba and Zevtera, increased by almost 65% year-on-year to CHF 128.8 million. At the same time, Basilea continued to diligently manage expenses, leading to an operating profit of CHF 1.2 million. Cresemba sales by Basilea's partners continued to grow significantly, in both established markets and new markets. Basilea's commercialization partners launched Cresemba and Zevtera in new markets and continued to make significant regulatory progress. The progress made by Basilea's partners triggered upfront, commercial and regulatory milestone payments of approximately CHF 49.4 million in 2021.

Total revenue was CHF 148.1 million. Operating expenses amounted to CHF 147.0 million. The net loss was CHF 6.8 million. As of year-end 2021, Basilea had CHF 150 million in cash, restricted cash, cash equivalents and financial investments, compared to CHF 167.3 million as of year-end 2020. Total shareholders' equity as per Swiss GAAP statutory financials amounted to CHF 449.0 million as of year-end 2021.

Basilea's US GAAP consolidated financial statements show a deficit in total shareholders' equity of CHF 58.6 million. The difference between this amount and the aforementioned CHF 449.0 million is largely driven by differences in accounting between US GAAP consolidated financial statements and Swiss GAAP statutory financials, specifically the deferral required by US GAAP of recognition of revenue from certain payments Basilea received under its partnership agreements, including with Pfizer, Astellas and Asahi Kasei Pharma, as well as the different treatment of investments in subsidiaries.

Explanations to Agenda Item 4:

Election of the Chairman and of the members of the Board of Directors

Elections will be held individually for the Chairman and each Board member. The election of Mr. Domenico Scala as Board member and Chairman will be held in a single vote. By law, the term of each Board member and of the Chairman lasts until the end of the next AGM. The size of the Board remains unchanged (6 members).

The biographical data of candidates proposed for re-election can be found on Basilea's website at www.basilea.com or in the Annual Report 2021 (www.basilea.com/financial-reports; see page 66 et seqq.).

The Board is proposing the election of Mr. Leonard Kruimer. Mr. Kruimer has more than 30 years of experience in corporate finance, planning, and strategy, including 20 years in senior executive positions in private and publicly listed biotechnology companies. Mr. Kruimer served as CFO of Crucell N.V. from 1997 to 2011. Prior to Crucell, he was Managing Director of Europe TIP Trailer, a GE Capital company. He was also a consultant with McKinsey & Co. and an auditor at Price Waterhouse & Company, New York. Mr. Kruimer is currently chairman of the board at Swedish BioInvent International AB. In addition, he is a board member of Pharming Group NV, Zealand Pharma A/S and Oncolytics Inc. He is director of AI Global Investments (Netherlands) PCC Ltd. and serves on the Investment Advisory Council of Karmijn Kapitaal. By the time of Basilea's AGM 2022, Mr. Kruimer will have reduced his number of board seats to avoid overboarding. Mr. Kruimer holds a



Master of Business Administration from Harvard Business School and is a Certified Public Accountant in New York State.

The Board of Directors is convinced that Mr. Kruimer’s financial expertise and detailed knowledge of the pharmaceutical industry and capital markets will be of great value in supporting Basilea in becoming a leading global anti-infectives company. Subject to election to the Board of Directors, Mr. Kruimer will be appointed by the Board as the Chairman of the Audit Committee.

Explanations to Agenda Item 5:

Election of the members of the Compensation Committee

Elections will be held individually for each member of the Compensation Committee. By law, the term of each Compensation Committee member lasts until the end of the next AGM.

Explanations to Agenda Item 6:

Compensation for the Board of Directors and the Management Committee

The AGM separately approves the maximum aggregate amount of compensation for the Board of Directors and the Management Committee. The compensation period for the Board of Directors is aligned with the term of office, which is the period from one AGM to the next. For the Management Committee, the compensation period for the maximum aggregate amount of total compensation, comprising both fixed and variable compensation, is aligned with the following financial year.

Figure 1: Compensation periods for the Board and the Management Committee (“MC”) in accordance with the Articles of Association



Explanations to Agenda Item 6a:

Maximum aggregate amount of compensation for the Board of Directors

The proposed maximum aggregate amount of compensation for the Board of Directors for the period from the AGM 2022 to the AGM 2023 amounts to CHF 1,430,000.

Figure 2: Proposed maximum Board compensation compared with the previous period (aggregate amounts)



The proposed maximum aggregate board compensation for 2022/2023 is identical to the approved compensation for 2021/2022.

Board members are paid 75% in cash and 25% in Restricted Share Units (RSUs). The RSUs contain no performance element and will vest into Basilea shares following a three-year vesting period on a one-to-one basis. The Board decided to extend the vesting period from one to three years as of the grant 2022. Any board members who cease their membership prior to the end of their regular term of office will receive a prorated number of RSUs.

Figure 3: Proposed Board compensation elements

	AGM 2022 to AGM 2023
Fees in CHF – 75% in cash / 25% in RSUs	
Chairman	285 238
Vice-Chairman	193 632
Board member	181 632
Committee membership:	
Chairman	7 875
Vice-Chairman and other board members	5 250

Explanations to Agenda Item 6b:

Maximum aggregate amount of compensation for the Management Committee

The proposed maximum aggregate amount of total compensation (fixed and variable) for the Management Committee for the financial year 2023 amounts to CHF 6,280,000. This is the same amount as for the financial year 2022, which was approved by shareholders at last year's AGM. Social security contributions by Basilea are included in the proposed amount.

Figure 4: Proposed Management Committee maximum compensation for 2023 compared with the approved maximum compensation for 2022



Figure 5: Proposed Management Committee compensation elements (indicative)

In CHF	Fixed compensation	Performance related cash bonus	Long-term incentive plan	Social security & fringe benefits	Total compensation
January 1, 2021 to December 31, 2021 approved	2 160 000	1 400 000	1 780 000	940 000	6 280 000
January 1, 2021 to December 31, 2021 actuals	2 037 295	959 764	1 676 369	612 356	5 285 784
January 1, 2022 to December 31, 2022 approved	2 165 000	1 370 000	1 780 000	965 000	6 280 000
January 1, 2023 to December 31, 2023 proposed	2 165 000	1 370 000	1 780 000	965 000	6 280 000

Performance-related cash bonus

Performance-related cash bonuses vary annually and are based on the achievement of corporate goals. The CEO goals are the same as the corporate goals and their weighting. Management Committee members are also measured against the corporate goals, albeit with different weightings per goal to reflect the main areas of focus and responsibility of each Management Committee member.

Long-term incentive plan

Under the long-term incentive plan, the Management Committee members are granted Performance Share Units (PSUs) in order to incentivize future positive share price performance and sustainable revenue growth.

The CHF 1,780,000 shown in figure 5 represents the indicative target value of the PSUs at grant date, and is based on 100% of base salary for the CEO and 75% of base salaries for other Management Committee members. To calculate the number of granted PSUs, this target value is divided by the higher of a) the fair value of a PSU as of the AGM date or b) CHF 35. The minimum share price of CHF 35 serves to protect shareholders from potentially high dilution in the event of market fluctuations resulting in an extraordinarily low share price on the AGM date. PSUs



will vest into Basilea shares following the completion of a three-year performance period and based on key performance indicators (KPIs). The number of shares delivered for each vesting PSU depends on the achievement level of two equally weighted KPIs. If the targets for both KPIs are achieved at 100% (target value), each PSU vests into one Basilea share. If the targets for both KPIs are overachieved and reach or exceed a predefined maximum cap, each PSU vests into two Basilea shares. If the targets for the KPIs are underachieved and are below or at a predefined minimum threshold, the PSUs will expire with no value and will not vest into any Basilea shares.

In case of an achievement level between the performance target and the maximum cap, or between the performance target and the minimum threshold, respectively, the actual ratio for converting PSUs into Basilea shares will be calculated on a linear basis.

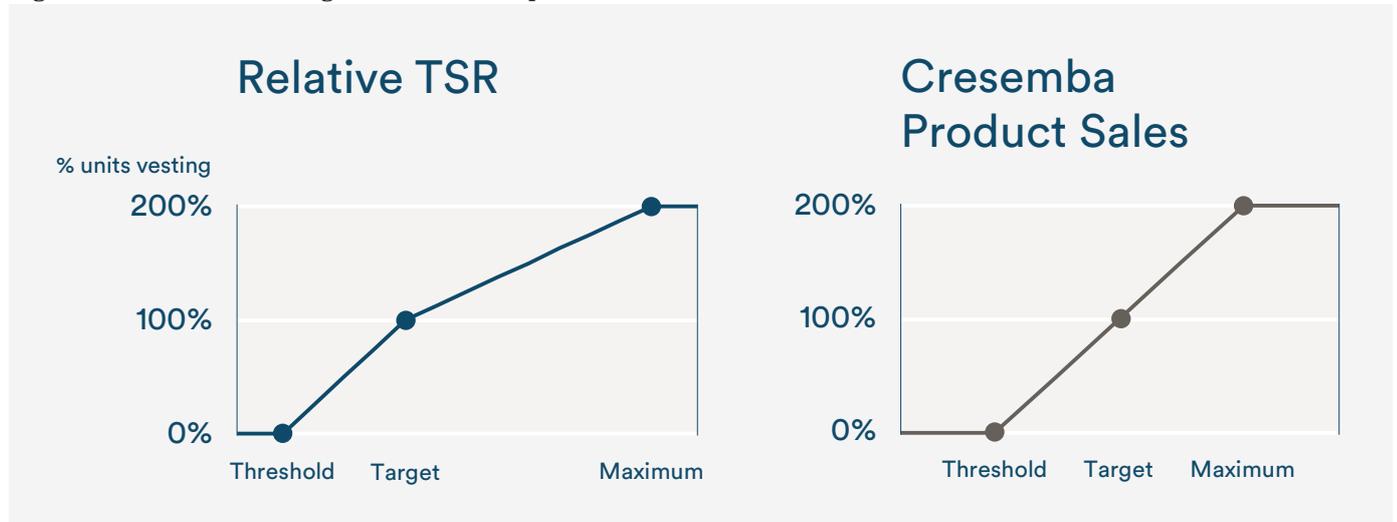
The shares delivered upon vesting after the three-year-performance period are subject to an additional one-year holding period.

The KPIs of the PSUs to be granted in 2023 are expected to be relative Total Shareholder Return ("rTSR") against the Swiss Performance Index Extra ("SPI Extra") and Cresemba product sales. Both KPIs are weighted equally.

The rTSR KPI was chosen as an incentive for creating long-term shareholder value. This measure serves as an indicator of company performance. Taking into consideration its correlation to the Basilea share price and the beta coefficient, the SPI Extra was chosen as a benchmark for the rTSR. Other indices and peer groups of biotech companies were also considered but were found to be less well suited. The rTSR calculation compares Basilea's share price with that of the SPI Extra at the start and at the end of the three-year performance period, and factors in any dividends paid. The starting price for the Basilea share and the SPI Extra is their average closing price of the last sixty trading days of the year preceding the start of the performance period. The ending price is their average closing price of the last sixty trading days of the final year of the performance period.

The Cresemba product sales KPI measures the Compounded Annual Growth Rate ("CAGR") of Cresemba in-market sales measured as patient days over the same three-year performance period. A patient day in this context is defined as the equivalent of a 200 mg daily maintenance dose of isavuconazole. By using patient days, progress in providing global access to this important drug plays an important role in determining the performance. At the same time this limits the influence of factors that are unrelated to performance, such as exchange rate fluctuations. The calculation of the KPI is based on the comparison of the patient days recorded in the twelve months prior to the start of the performance period with the patient days recorded in the last twelve months of the performance period. The long-term volume growth of Cresemba was selected as KPI for the PSUs due to its critical importance for the long-term financial success of the company.

Figure 6: KPIs of the 2023 grant of PSUs (expected)



KPI	Relative TSR	Product Sales
Threshold	- 10% against SPI Extra	+ 10% CAGR
Target	On par with SPI Extra	+ 15% CAGR
Maximum	+ 20% against SPI Extra	+ 20% CAGR

The target and threshold for rTSR are based on historical data and for Cresemba product sales on internal forecasts and financial analyst expectations, taking into consideration typical vesting curves.

PSUs only vest if a Management Committee member is in continuous employment on the vesting date, subject to certain exceptions detailed below.

In the event of a termination due to restructuring or redundancy, or upon retirement, PSUs that have not yet vested on the date of termination are prorated to reflect the shortened service period. These PSUs will continue to vest pursuant to the plan and convert into shares upon vesting based on calculated performance. The remainder of the PSUs will forfeit as of the date of termination.

In the event of death or disability, all unvested PSUs shall vest immediately as per the date of death or disability at target level (100%, irrespective of actual achievement).

In case of a change of control, any unvested PSUs shall either be converted into comparable awards that will vest into shares of the acquiring entity or vest immediately on a pro-rated basis using the actual performance at the date of the change of control, unless otherwise determined by the board.

All shares and PSUs are furthermore subject to a malus/clawback provision. Under this provision, the board reserves the right to cancel some or all outstanding PSUs if a Management Committee member is found to have engaged in behavior such as acts of fraud, gross negligence or willful misconduct. In addition, during the additional one-year holding period, the board may require that the Management Committee members make a cash payment in respect of some or all shares delivered under the plan or to transfer such converted shares back to the company.



Explanations to Agenda Item 6c:

Non-binding advisory vote on the 2021 compensation report

The purpose of the compensation report is to inform shareholders about Basilea's compensation systems for the Board of Directors and the Management Committee and to disclose the corresponding compensation. The 2021 compensation report can be downloaded from the company's website:

www.basilea.com/financial-reports.

Basilea remains committed to provide performance-based compensation centered on the attainment of goals that are vital to the long-term success of the company. The company performance goals for the 2021 performance-related cash bonus largely focused on research & development and financial performance, as shown in Figure 7.

Figure 7: Company performance goals 2021

KPI	Weighting	Achievement
Financial KPIs	45%	78.2%
Portfolio development	5%	12.5%
Research & development	50%	22.5%
Total	100%	113.2%

For 2021, goal setting and goal achievement were not subject to any special evaluation or resetting due to the coronavirus pandemic and Basilea has not received nor requested any related subsidies, relief funding or compensation payments and there were no restructurings, layoffs or wage reductions for employees.

Explanations to Agenda Item 7:

Amendment to the Articles of Association relating to conditional share capital

Basilea's shareholders have previously approved the creation of conditional share capital to create increased flexibility for optimizing Basilea's convertible bond financing strategy.

Basilea has already reduced the outstanding amount of the convertible bond, which will mature on December 23, 2022, from CHF 200 million to less than CHF 125 million. The aim is to manage the maturity of this convertible bond in a way that further reduces Basilea's debt level and minimizes dilution, reflecting the confidence in the company's financial prospects. However, an informed decision on how precisely to manage the upcoming bond maturity can only be made once the strategic transactions relating to Basilea's oncology assets have progressed and the outcome of the ceftobiprole ERADICATE phase 3 study becomes clear later in 2022.

In order to account for different scenarios, the Board of Directors proposes to create conditional capital. The conditional capital will not be used if the convertible bond maturing in December 2022 is refinanced in another way than by issuing a new convertible bond. Accordingly, convertible bonds backed by this conditional share capital shall not be issued later than December 22, 2022.



Therefore, the following amendment to the Articles of Association is proposed:

Article 3a par. 3 Conditional share capital

- 3 In addition to paragraph 2 above, the company's share capital shall be increased up to a maximum of CHF 2'000'000 by issuing a maximum of 2'000'000 registered shares with respect to the exercise of conversion rights granted to holders of new convertible bonds issued by the company or one of its group companies. The shares to be issued shall have a par value of CHF 1.00 each, to be fully paid-in. The terms and conditions applicable to such convertible bonds shall be determined by the Board of Directors. The aggregate principal amount of the convertible bonds backed by conditional capital set out under this paragraph 3 and/or treasury shares shall not exceed CHF 100'000'000 (in addition to the amount mentioned in paragraph 2 above), and any convertible bonds issued and backed by the conditional capital hereunder shall not be issued later than December 22, 2022. The subscription rights for the shares issued upon exercise of the conversion rights are excluded. The then-current owners of the convertible bonds shall become shareholders of new shares issued upon conversion. The pre-subscription rights of shareholders with respect to the convertible bonds may be excluded by the Board of Directors if the issuance occurs in national or international capital markets whether as a public or a private placement. If the pre-subscription rights are or, at the time of issuance, have been excluded, the convertible bonds must meet the following requirements, in each case as per the time of issuance:
- a) they shall be issued at market conditions;
 - b) the conversion price shall be set with reference to the market conditions prevailing; and
 - c) the conversion period shall not be longer than 10 years from the date of the issuance.

(The existing paragraph 3 will be renumbered to paragraph 4.)

Explanations to Agenda Item 8:

Amendment to the Articles of Association relating to Basilea's registered office

As previously announced, Basilea will move its headquarters from Basel to Allschwil by mid of 2022. The law requires to list the registered office of the company in its Articles of Association.

Therefore the following amendment to the Articles of Association is proposed (change marked in bold):

Article 1 Company name, registered office

Current version:

Under the name Basilea Pharmaceutica AG, Basilea Pharmaceutica SA, Basilea Pharmaceutica Ltd is hereby established a company limited by shares in accordance with Article 620 et seq. of the Swiss Code of Obligations (SCO) whose registered office is in Basel.

Proposed version:

Under the name Basilea Pharmaceutica AG, Basilea Pharmaceutica SA, Basilea Pharmaceutica Ltd is hereby established a company limited by shares in accordance with Article 620 et seq. of the Swiss Code of Obligations (SCO) whose registered office is in **Allschwil**.