

Dear shareholders

Basel/Allschwil, March 31, 2023

It is with great pleasure that we invite you to this year's annual general meeting, which will be held once again in person.

We would like to thank you for your continued support, which has enabled us to make significant progress towards our long-term strategic goal of becoming a leading global anti-infectives company serving patients around the world.

We are pleased to report that we have successfully completed our strategic refocus in 2022, including the exit from oncology. The oncology transactions generated significant upfront and near-term milestone payments, while also securing our participation in the long-term value creation potential of the assets. Together with the continued commercial success of our two marketed brands, Cresemba and Zevtera, we have exceeded our financial guidance for the year in all key areas. Our operating profit increased from CHF 1.2 million to CHF 18.5 million, and we recorded a net profit of CHF 12.1 million, reaching profitability a year earlier than expected.

We also fully repaid the 2022 convertible bonds, which expired in December 2022. The outstanding principal amount of CHF 114 million was repaid by using a new two-year loan of CHF 75 million and available cash at hand. In this way, the debt level of the company was reduced, without dilution of shareholders. Consequently, we did not use the additional conditional capital of 2 million shares that was approved at last year's AGM and has expired.

Looking ahead to 2023, we expect a continued strong financial performance based on the success of our commercial anti-infective brands. We will use our increasing cash flows from operating activities on the one hand, to keep on reducing our debt level, with quarterly repayments of the loan until its maturity in September 2024, thereby further strengthening our balance sheet. In addition, we intend to complement our current anti-infectives portfolio by entering into licensing agreements for new assets, ranging from late preclinical stage, through to the end of phase 2 clinical development. We believe that this approach will help us achieve our long-term strategic goal of creating value for our shareholders, by meeting the growing demand from patients for improved new treatments for severe bacterial and fungal infections.

Summary explanations on the agenda items

Most of the agenda items for this year's annual general meeting are the standard topics you are familiar with from previous years. In addition, you will find a number of amendments to our articles of association. The majority of these are due to the revision of the corporate law in the Swiss Code of Obligations that came into force on January 1, 2023. Furthermore, we are also using this opportunity to re-formulate the entire articles of association in a gender-neutral manner. In addition, we are highlighting the importance of sustainability in our company purpose, which we believe is critical for us going forwards.

Also on the agenda, the board is proposing Dr. Carole Sable for election to the board of directors. She has more than 30 years of experience in the field of infectious diseases, both as a physician and in senior positions in the pharmaceutical industry. For detailed biographical information on Dr. Sable, please refer to the invitation to the annual general meeting. The board of directors is convinced that Dr. Sable's many years of expertise in anti-infectives research and development will be of great value in supporting Basilea becoming a leading global anti-infectives company.



Steven Skolsky, who has been a member of the board since 2008, has decided not to stand for another term. The board of directors would like to thank Mr. Skolsky for his many years of valuable service to Basilea. With Mr. Skolsky not standing for re-election and the proposal for the election of Dr. Sable, the size of the board will remain unchanged at six members and also the gender balance of the board will be improved.

We hope that our summary explanations will help you understand and support the proposals of the board for the upcoming annual general meeting and would be pleased if you would vote positively for them.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Scala", written over a light gray rectangular background.

Domenico Scala
Chairman of the board

A handwritten signature in black ink, appearing to read "David Veitch", written in a cursive style.

David Veitch
Chief Executive Officer