RELIEF
THERAPEUTICS

ANNUAL REPORT 2021

TABLE OF CONTENTS

2021 – 2022 TO DATE HIGHLIGHTS AND KEY MILESTONES

RLF-100® (AVIPTADIL)

RLF-100® (AVIPTADIL), IV

In March 2021, the parent company, NRx Pharmaceuticals, Inc. (Nasdaq: NRXP) ("NRx"), of Relief's collaboration partner for RLF-100®, NeuroRx, Inc. ("NeuroRx"), announced top-line 60-day results from its phase 2b/3 clinical trial of intravenous RLF-100 (aviptadil) for the treatment of patients with critical COVID-19 respiratory failure. According to NRx, across all patients and sites, RLF-100 met the primary endpoint of successful recovery from respiratory failure at days 28 and 60 and also demonstrated a meaningful survival benefit after controlling for ventilation status and treatment site. However, the clinical trial results did not demonstrate a statistically significant difference for its primary endpoint without adjustment for these pre-specified covariates. These findings formed the basis for NRx's Emergency Use Authorization ("EUA") application to the U.S. Food and Drug Administration ("FDA"). Once Relief has received and analyzed the full data from the phase 2b/3 clinical trial, the Company will decide on the best path forward for the development of RLF-100 in Europe and other territories.

In April 2021, NRx announced that RLF-100 had been selected for inclusion in ACTIV-3b/TESICO (Therapeutics for Severely Ill Inpatients with COVID-19), an international, phase 3, placebo controlled, multicenter clinical trial being sponsored by the U.S. National Institutes of Health ("NIH"), to evaluate RLF-100 and remdesivir in Acute Respiratory Distress Syndrome (ARDS) associated with COVID-19 as a monotherapy, and in combination, along with standard of care.

In June 2021, NRx announced that it had submitted an EUA application to the FDA for the use of intravenous RLF-100 in the treatment of critically ill COVID-19 patients with respiratory failure. NRx has further announced it also plans to submit a New Drug Application ("NDA") to the FDA.

In June 2021, NRx announced additional positive results from the RLF-100 U.S. Expanded Access Protocol ("EAP"). The EAP included 240 intensive care unit (ICU) patients with COVID-19 respiratory failure requiring either invasive or non-invasive mechanical ventilation, or high flow rate oxygen by nasal cannula, who were not eligible for the phase 2b/3 clinical trial. According to NRx, these EAP data were submitted to the FDA as open label data in support of the pending EUA application.

In July 2021, NRx reported that it identified a statistically significant effect of RLF-100 in preventing the sharp rise in cytokines, commonly associated with mortality in patients with COVID-19. According to NRx, the data was collected as part of the ongoing U.S. phase 2b/3 trial and NRx submitted these findings to the FDA as a supplement to the pending EUA application.

In July 2021, NRx announced it has validated a commercial formulation of RLF-100 for IV use, allowing for high volume manufacture, with an anticipated one year or longer stability under appropriate storage conditions; NRx also reported that it had achieved a 30 to 50 fold increase in its manufactured lot size of RLF-100.

In July 2021, NRx announced that the Nation of Georgia's Prime Minister and Minister of Health issued an EUA for intravenous RLF-100 for the treatment of critical COVID-19.

In August 2021, NRx provided a safety update on RLF-100 from the NIH sponsored ACTIV-3b/TESICO study. According to NRx, the study's Data Safety Monitoring Board ("DSMB") found no new safety concerns in the trial and recommended continued enrollment.

In September 2021, Relief received scientific advice from the Medicines and Healthcare Products Regulatory Agency ("MHRA") in the United Kingdom ("UK") relating to its lead investigational drug, RLF-100, for the treatment of respiratory deficiency due to severe COVID-19. The guidance, which was provided in the context of a recent meeting that Relief held with the MHRA, included advice on the appropriate pathway for submission of an application for conditional marketing approval ("CMA") for the intravenous formulation of RLF-100, subject to provision of all data from the U.S. Phase 2b/3 study conducted by Relief's collaboration partner, NRx. Relief also held discussions with the European Medicines Agency ("EMA") pertaining to the regulatory path forward for RLF-100 in the EU. Relief informed EMA that it would proceed with further dialogue with the MHRA once it has compiled critical information related to the study conduct, clinical data and the drug product.

In September 2021, NRx announced top line data demonstrating improved outcomes at one year in highly comorbid patients with COVID-19, who were treated with RLF-100, providing a threefold, statistically significant increase in the likelihood of survival at one year. According to NRx, this was consistent with the increased odds of 60-day survival seen in the previously reported results from the phase 2b/3 randomized controlled trial of RLF-100.

In October 2021, NRx announced that they had submitted a revised Investigational New Drug ("IND") module on the manufacturing of aviptadil to the FDA, containing documentation that confirmed Nephron Pharmaceuticals, Inc. is prepared to supply aviptadil on a commercial scale. NRx also reported they had also received notification that a European QP (Qualified Person) Auditor had completed an inspection at a separate manufacturing facility with no adverse findings.

In October 2021, NRx announced that the peer-reviewed, Journal of Infectious Diseases and Treatment, had published positive trial data from a prospective, open label, controlled trial of aviptadil in high comorbidity patients suffering from critical COVID-19 with respiratory failure. According to NRx, the study reported 60-day survival in 81% of those treated with aviptadil, compared to 21% survival among those who received standard of care treatment at the Houston Methodist Hospital (P<.0001). NRx also reported that a similar 9-fold advantage was seen in the cumulative probability of recovery from respiratory failure (P<.0001).

In November 2021, NRx reported that it was declined its EUA by the FDA for the use of IV aviptadil for the treatment of acute respiratory failure due to critical COVID-19.

In November 2021, NRx announced receipt of the FDA's response to NRx's October 8, 2021 submission of updated manufacturing information for aviptadil. According NRx, the FDA review allowed for high volume production of aviptadil and also reported that the shelf life of aviptadil had been extended from 62 days to 150 days.

In November 2021, NRx reported that the FDA had denied Breakthrough Therapy Designation ("BTD") for aviptadil.

In November 2021, NRx completed an analysis to identify clinical evidence that indicates a substantial improvement after treatment with aviptadil in patients with Critical COVID-19 and Respiratory Failure over existing therapies, such as remdesivir. According to NRx, the analysis, conducted by Prof. David Schoenfeld, stated by NRx to be one of the world's most widely published statisticians with unique expertise in life-threatening diseases of the lung, examined the subgroup of patients in the COVID-AIV trial (NCT 04311697) that remained in respiratory failure, despite treatment with remdesivir. NRx also reported that the analysis identified a statistically significant (P=.03) 2.5-fold increased odds of being alive and free of respiratory failure at the 60 days primary endpoint and a statistically significant (P=.006) four-fold higher odds of being alive at day 60 amongst patients treated with aviptadil compared to those treated with placebo.

In December 2021, NRx announced it had agreed with Hungarian Health Officials on a regulatory path for emergency use of aviptadil in the Central European region, beginning with a compassionate care program, which NRx reported was expected to begin by the end of 2021.

In January 2022 (post reporting period), NRx announced that it had submitted an application to the FDA seeking EUA for the use of aviptadil to treat patients with critical COVID-19 who are at immediate risk of death from respiratory failure despite treatment with approved therapy including remdesivir and who are ineligible for enrollment into the ACTIV-3b NIH-sponsored trial.

In January 2022 (post reporting period), NRx announced enhancements to its Expanded Access and Right to Try programs. NRx stated that these programs enable patients with respiratory failure from COVID-19, who have tried all approved medicines, including remdesivir, and who are not able to participate in a clinical study, to receive aviptadil upon a physician's prescription. According to NRx, they will continue to provide aviptadil to hospitals enrolled in its Expanded Access Protocol under FDA guidelines. The press release also reported that NRx is also making aviptadil available as an investigational medicine under the Federal Right to Try Act.

In January 2022 (post reporting period), NRx announced receipt of a first safety report from a Southwestern hospital where physicians have administered aviptadil to patients with COVID-19 respiratory failure. According NRx, the patients were treated under the Federal Right to Try Law that gives access to investigational medicines for patients who have been diagnosed with life-threatening diseases or conditions, who have tried all approved treatment options, and who are unable to participate in a clinical trial to access certain unapproved treatments. NRx stated that of the first 19 patients treated by December 31, 2021, three had died and 16 (84%) were reported to be alive by January 22, 2022. NRx also reported that this Right to Try use of aviptadil occurred during the Omicron surge, although patients were not necessarily tested for the specific COVID variant that caused their ICU admission. NRx noted that no serious adverse events were reported.

In February 2022 (post reporting period), NRx announced results of a review conducted by the DSMB of the National Institute of Allergy and Infectious Diseases (NIAID) of the NIH on February 14, 2022. According NRx, the DSMB reviewed data on 448 ICU patients with Critical COVID-19 Respiratory Failure who were enrolled in the ACTIV-3b/TESICO trial. NRx reported that no new safety concerns were identified and the study was cleared to continue enrollment to 640 patients. NRx also stated that the TESICO protocol was submitted by NIH and cleared by the FDA as a phase 3 trial that, if positive, may be used in the submission of a NDA for aviptadil.

In February 2022 (post reporting period), Relief announced that it had filed for a trademark application (U.S. Serial Number 90141290) on August 27, 2020 for RLF-100 with the U.S. Patent and Trademark Office ("USPTO"). Subsequently, in March 2022 (post reporting period), a certificate of registration was received. The trademark covers RLF-100 when used for pharmaceutical preparations and substances for the treatment of viral, metabolic, endocrine, musculoskeletal, cardiovascular, cardiopulmonary, genitourinary, sexual dysfunction, oncological, hepatological, ophthalmic, respiratory, neurological, gastrointestinal, hormonal, dermatological, psychiatric and immune system related diseases and disorders; pharmaceutical preparations for the treatment of viral diseases and; pharmaceutical preparations for the treatment of viral infections.

RLF-100® (AVIPTADIL), INHALED

In January 2021, a clinical trial participation agreement for the inclusion of an inhaled formulation of RLF-100 into the I-SPY COVID-19 clinical trial was signed between NeuroRx and Quantum Leap Healthcare Collaborative™ ("Quantum Leap") of San Francisco. The I-SPY trial is a phase 2 adaptive platform trial aimed at improving treatment for severely and critically ill COVID-19 patients.

In January 2021, Relief and AdVita LiveScience GmbH ("AdVita") signed a binding term sheet for Relief to acquire all shares of AdVita, giving Relief access to all of AdVita's assets including further pending IP rights that strengthen RLF-100 inhaled formulation; IP for its potential application in the treatment of lung diseases such as acute respiratory distress syndrome ("ARDS"), pulmonary sarcoidosis and checkpoint inhibitor-induced pneumonitis ("CIP").

In February 2021, NRx reported that it was conducting a phase 2/3 clinical trial evaluating the use of inhaled RLF-100 in patients with early COVID-19 disease. The trial commenced in January 2021 and NRx reported that it was expected to conclude by October 2021. Relief has the right to fund and participate in this trial, subject to NRx's obligation to provide information sufficient for Relief to make a decision on whether or not to fund and participate this trial. As of the date of this announcement, such information had not been provided and NRx had stated that Relief had declined to fund the expenses of this trial and that it had obtained the funding from other sources.

In April 2021, Relief and AdVita announced the initiation of an investigator-sponsored, randomized, double-blind, placebo-controlled phase 2 trial evaluating the inhaled formulation of RLF-100 for the prevention of COVID-19-related ARDS.

In July 2021, NRx and Quantum Leap announced that they had begun treating patients with inhaled RLF-100 in the I-SPY COVID-19 trial.

In July 2021, Relief and AdVita closed a definitive agreement for Relief to acquire all the outstanding shares of AdVita for EUR 25 million in Relief common shares. In addition, Relief will pay milestone payments of up to EUR 20 million in cash, contingent on the achievement of milestones related to AdVita's development programs.

In August 2021, Relief announced that AdVita had been granted Orphan Drug Designation ("ODD") by the FDA for inhaled RLF-100 for the treatment of pulmonary sarcoidosis. This marks the Company's third ODD, adding to existing designations for APR-OD031 for phenylketonuria ("PKU") and APR-TD011 for epidermolysis bullosa ("EB").

In September 2021, Relief reported that AdVita received regulatory clearance to commence a phase 2 clinical trial in Germany to evaluate inhaled aviptadil for the treatment of sarcoidosis.

In December 2021, Relief reported that the Swiss Patent Office IPI had announced that it expected to conclude the patent application procedure by January 24, 2022 and to issue the patent entitled, "Vasoactive Intestinal Peptide (VIP) for the Use in the Treatment of Drug-induced Pneumonitis," as applied for by AdVita, in 2020. The patent will be formally issued, at the earliest, one month after the conclusion of the patent examination procedure.

ACER-001

In March 2021, Relief signed a Collaboration and License Agreement with Acer Therapeutics Inc. ("Acer") for the worldwide development and commercialization of ACER-001 (sodium phenylbutyrate) for the treatment of Urea Cycle Disorders ("UCD") and Maple Syrup Urine Disease ("MSUD"), under which Acer received a total of USD 15 million in cash payments. Relief also committed to pay Acer up to USD 20 million in U.S. development and commercial launch costs for the UCD and MSUD indications, of which USD 15 million has been paid, to date. Acer retains development and commercialization rights in the U.S., Canada, Brazil, Turkey and Japan. The companies will split net profits from Acer's territories 60%:40% in favor of Relief. In addition, Relief has licensed the rights for the rest of the world, where Acer will receive from Relief a 15% royalty on all net revenues received in Relief's territories. Acer may also receive a total of USD 6 million in development milestone payments, following the first European marketing approvals for UCD and MSUD.

In May 2021, Acer announced the outcome of its Type B pre-NDA meeting with the FDA for ACER-001 for the treatment of UCD. Based on the FDA's feedback, Relief and Acer noted that the proposed data package would likely be sufficient to support a Q3 2021 NDA submission under the Section 505(b)(2) regulatory pathway.

In August 2021, Relief and Acer announced the submission of the NDA to the FDA for ACER-001 for UCD.

Subsequently, in October 2021, the FDA accepted the NDA and assigned a Prescription Drug User Fee Act (PDUFA) target action date of June 5, 2022. While there can be no assurance, should the FDA approve the NDA, Relief believes that ACER-001 could be available commercially in the U.S. during 2022.

In October 2021, Acer received a Notice of Allowance from the USPTO for its patent application No. 17/196,416, for certain claims related to ACER-001. The allowed patent claims in the application, titled, "Palatable Compositions Including Sodium Phenylbutyrate and Uses Thereof," include pharmaceutical composition claims covering ACER-001's taste-masked, multi-particulate dosage formulation for oral administration.

Subsequently, in October 2021, the USPTO issued the patent, providing intellectual property protection into 2036.

APR APPLIED PHARMA RESEARCH SA

In May 2021, Relief and the then shareholders of APR Applied Pharma Research SA ("APR") signed a binding term sheet for Relief to acquire all of the outstanding shares of APR, a privately held Swiss pharmaceutical company with over 25 years' experience in identifying, developing and commercializing known molecules engineered with drug delivery systems in niche and rare disease areas on a global basis.

In May 2021, APR initiated a pivotal clinical trial with its novel nasal spray, Sentinox™, a Class III medical device approved in Europe, in patients with mild COVID-19. The trial was not designed for registration purposes but to evaluate the efficacy and safety of the product in reducing viral load in the upper airways in recently SARS-Cov-2 infected individuals.

In June 2021, Relief signed and closed a definitive agreement to acquire all outstanding shares of APR. Under the terms of the agreement, APR's shareholders received CHF 21.5 million in cash and CHF 45 million in Relief common registered shares. The sellers are also eligible to receive additional contingent payments in the form of a combination of cash and Relief common registered shares upon achievement of pre-agreed milestones.

In September 2021, APR expanded its PKU GOLIKE® product line with the launch, in Germany and Italy, of PKU GOLIKE KRUNCH, a convenient chewable tablet for the dietary management of phenylketonuria ("PKU").

In September 2021, APR reported data published in the peer reviewed journal, Nutrients, indicating additional potential benefits of the company's Physiomimic™ Technology to the management of patients suffering from PKU, suggesting that PKU GOLIKE may be key to reducing catabolic events in patients, improving utilization of amino acids ("AA") and quality of life.

In September 2021, APR reported data published in the peer reviewed Journal of Wound Care, indicating that the company's Nexodyn® acid-oxidizing solution ("AOS"), developed with APR's proprietary Tehclo® technology, was found to be a highly effective treatment to support wound healing in infected or non-infected hard-to-heal leg ulcers.

In October 2021, APR reported two additional papers published in the peer reviewed Journal of Wound Care, concluding that the company's Nexodyn AOS may represent a valuable therapeutic addition to standard of care for the management of hard-to-heal ulcers requiring long periods of treatment. The data also confirmed the safety of Nexodyn AOS.

In October 2021, APR reported positive interim results from its clinical trial of Sentinox in SARS-CoV-2 infected patients, confirming its safety and tolerability. Data from the study suggest that Sentinox could be effective in reducing the SARS-CoV-2 viral load in the upper respiratory tract.

In January 2022 (post reporting period), APR received a Notice of Allowance from the USPTO for Patent Application No. 16/713,052 entitled, "Ready to Use Diclofenac Packs." Diclofenac potassium is an off-patent, potent non-steroidal anti-inflammatory drug ("NSAID") widely used therapeutically for inflammatory conditions and pain management.

In March 2022 (post reporting period), APR announced the acquisition of the worldwide commercial rights (ex UK and Ireland) from the UK based company Meta Healthcare Ltd. of a novel, differentiated dosage form of a prescription drug already approved by US FDA and intended for the treatment of patients with Phenylketonuria ("PKU").

In March 2022 (post reporting period), APR reported final data from its clinical trial of Sentinox in SARS- CoV-2 infected patients. Although the primary endpoint was not reached due to limited sample size, the results suggest the potential efficacy of Sentinox, with a better response in subjects dosed 3 times/day versus the control group, in the reduction of the nasal viral load, negativization and infectivity and confirmed its safety and tolerability.

BUSINESS UPDATE

In November 2021, Relief announced the filing a registration statement on Form F-6 with the U.S. Securities and Exchange Commission ("SEC"), taking the first step to establish a Level 1 American Depositary Receipt (ADR) program in the U.S.

Subsequently, in November 2021, Relief announced that the registration statement has become effective, and that it had launched its Level 1 ADR program in the U.S. Relief's ADRs began trading on the over-the-counter ("OTC") market on November 18, 2021; each ADS represents one hundred and fifty (150) of Relief's ordinary shares.

In November 2021, Relief signed a collaboration agreement with InveniAI LLC ("InveniAI"), a U.S. based company that has pioneered the application of artificial intelligence and machine learning across biopharma and other industries, in order to identify promising drug candidates to treat rare and specialty diseases. Under the terms of the collaboration. InveniAI will use its proprietary platform for the identification of potential pharmaceutical product opportunities for formulation, development and commercialization by Relief.

In December 2021, Relief filed a Registration Statement on Form 20-F with the SEC to register Relief as a reporting company under the Securities Exchange Act of 1934.

Subsequently, in March 2022 (post reporting period), Relief filed Amendment No. 1 to its Registration Statement on Form 20-F with the SEC. The registration statement and Amendment were filed to begin the process of listing Relief's Level 1 ADR program in the U.S. to a Level 2 ADR program and is part of Relief's ongoing efforts to list its ADRs on the Nasdaq Stock Market during the first half of 2022. The Nasdaq listing will only occur after the registration statement has become effective, which is subject to an SEC review, and the filing by Relief of a listing application with the Nasdaq, which has not yet occurred. There can be no assurance that the registration statement will become effective or that Relief will be successful in its efforts to list its ADRs to the Nasdaq Stock Market.

PERSONNEL

To match the fast pace at which the Company is developing, Relief has continued to strengthen its management team.

In April 2021, Relief appointed J.J. Scherpbier of Sonsbeek Pharma Consultancy B.V., as manufacturing and supply chain consultant. Mr. Scherpbier is a highly experienced pharmaceutical consultant with more than 25 years of expertise in the areas of regulatory affairs, life cycle management, pharmaceutical development and GMP.

In June 2021, the shareholders of Relief appointed Patrice Jean and Paolo Galfetti to the Relief Board of Directors. Mr. Galfetti has become one of Relief's key executive team members, as Chief Executive Officer of APR and President of Relief Europe.

With the acquisition of APR in June 2021 and AdVita in July 2021, Relief's workforce increased to over 50 employees.

In November 2021, Relief appointed seasoned biotech executive, Anthony M. Kim, to the newly created position of Senior Vice President and Head of U.S. Commercial Operations. Additionally, Chris Stijnen, Chief Commercial Officer since 2020, left to pursue other opportunities effective November 30, 2021. His duties regarding EU and UK commercial operations were assumed by Paolo Galfetti, President of Relief Europe, and the commercial team at APR.

Also in November 2021, Relief appointed Nermeen Varawalla, MD, PhD, MBA to the position of Chief Medical Officer, reporting to Raghuram (Ram) Selvaraju, PhD, MBA, Chairman of Relief. Dr. Varawalla replaced Gilles Della Corte, MD, who left to pursue other opportunities. Additionally, Jeremy Meinen, who serves as Relief's Vice President of Finance and Administration, assumed the role of Chief Accounting Officer. Furthermore, Marco Marotta, who became part of Relief upon the acquisition of APR, was promoted to Chief Business Officer, responsible for business development activities across the entire company, including strategic partnering, the management of the InveniAI collaboration and Relief's various in-licensing and out-licensing initiatives.

In January 2022 (post-reporting period), the shareholders of Relief appointed Michelle Lock to the company's Board of Directors, bringing Relief's Board to five members.

In March 2022 (post reporting period), Relief appointed, seasoned pharmaceutical sales professional, Christopher Wick, to the newly created position of Senior Director, Head of U.S. Sales. Mr. Wick is responsible for building out and leading Relief's U.S. commercial sales team.

REPORT ON THE DISPUTE WITH NEURORX RELATING TO THE COLLABORATION AGREEMENT FOR THE DEVELOPMENT OF RLF-100 FOR THE TREATMENT OF COVID-19

Relief believes that NeuroRx has breached the Collaboration Agreement in numerous ways. In that regard, NRx Pharmaceuticals, the parent company of NeuroRx, has made certain statements regarding these pending disputes, including the following.

- In its September 2021 registration statement, NRx made numerous statements of purported facts setting forth NeuroRx's version of the history of the relationship between the companies that led to the signing of the Collaboration Agreement. Many of these allegations were false or misleading (and the lawsuit that Relief has filed against NeuroRx and its CEO lays out the facts that actually occurred). Further, the Collaboration Agreement expressly states that it "supersedes any and all prior understandings or agreements, whether written or oral, and there are no promises, agreements, condition, undertakings, warranties or representations (whether oral or written, express or implied) between them other than as [herein set forth]." Therefore, the history of what discussions led up to the parties' entry into the Collaboration Agreement has no application to the parties' rights and responsibilities presently in force and effect.
- In its September 2021 registration statement, NRx accuses Relief of misleading them and Relief's public shareholders about the stability of the formulation of aviptadil that Relief brought to the parties' collaboration. We believe that there is no truth to these allegations, and that NeuroRx was expressly tasked with developing a stable formulation of aviptadil under the Collaboration Agreement. Further, we have stated on numerous occasions that we never guaranteed that we already had an 18-month shelf stable product, and no such statements are made in the Collaboration Agreement, which contains the entire agreement between the parties. Finally, NRx asserts that its version of aviptadil is not covered by the Collaboration Agreement and, as set forth in our complaint, we do not believe that to be true.
- In its September 2021 registration statement and in its more recent filings with the SEC, NRx has continued to state that Relief has not paid certain amounts due to NeuroRx relating to the collaboration. While the amount allegedly owed by Relief to NeuroRx according to NRx's filings with the SEC has grown exponentially when compared to the amounts stated in NRx's earlier public filings (and currently is claimed to be approximately USD 13.8 million), we assert in our complaint that we have met all of our financial obligations to NeuroRx under the Collaboration Agreement.

  In that regard, under the Collaboration Agreement, Relief initially committed USD 8.3 million to fund the Phase 2b/3 trial of the aviptadil IV product. Relief also agreed that it would fund an additional amount equal to 30% of the initial budget (aggregating with the initial budget a total of USD 10.9 million). Relief also loaned USD 500'000 to NeuroRx in April 2020, a loan that would not have to be repaid for two years – well after the then anticipated commercialization date of the proposed aviptadil product, so that it had funds to operate. In total, Relief funded to the collaboration approximately USD 15.4 million (either to NeuroRx directly or to third party vendors on NeuroRx's behalf), plus the USD 500'000 loan (which was made on very favorable terms).
- We have demanded the right to perform a forensic audit of NeuroRx's books and records to determine whether the funds provided to NeuroRx were used for the purposes for which they were provided (which NeuroRx has, to date, refused to allow).
- In its SEC filings, NRx has stated that Relief has "declined" to fund certain expenses relating to the development of the formulation of aviptadil and NeuroRx's clinical trial evaluating inhaled aviptadil for the treatment of patients with moderate COVID-19. In fact, for some months, Relief repeatedly requested information that it believed was reasonably necessary to make a decision on whether or not to fund these expenses, which was never provided. We believe that until sufficient information is provided so that Relief can make the decision whether or not to fund these expenses, the Collaboration Agreement does not allow NeuroRx to bring in another source to directly fund these expenses.

- NeuroRx continues to refuse, despite repeated demands by Relief requesting this information, to share with Relief the full clinical trial data set, including details on the statistical analysis performed, from its recently completed phase 2b/3 trial, which data and information is required to be provided to Relief by NeuroRx under the Collaboration Agreement. To date, Relief has only received a high-level summary of the clinical study report and has not been provided with, among other information, access to the 53'909 individual case reports, the raw data from the clinical trial, or the data on the multiple statistical analyses performed. NeuroRx has likewise refused to share with Relief any of the correspondence between NeuroRx and the FDA relating to the development of aviptadil. Further, NeuroRx has refused to allow NeuroRx's contract partners dealing with issues relating to the development of aviptadil to share information with Relief that it requires to develop RLF-100™ (aviptadil) in its territories (including the European Union and the United Kingdom). The failure of NeuroRx to provide this information is seriously impairing Relief's ability to develop and execute a clinical and regulatory strategy for RLF-100™ (aviptadil) in its territories.
- Under Section 5.1 of the Collaboration Agreement, neither party may engage in any development activities for any drug or related product or treatment intended to be used to treat, combat, ameliorate, prevent or mitigate the effects of COVID-19 that can or may reasonably be expected to compete against or reduce sales (or other monetization) of aviptadil.
- Relief believes that it has satisfied all of its obligations under the Collaboration Agreement and that as a result, all revenue/profit splits set forth in the Collaboration Agreement remain in full force and effect.

On October 7, 2021, because of the many breaches of the Collaboration Agreement by NeuroRx, we filed a lawsuit against NeuroRx and its Chief Executive Officer, Dr. Jonathan Javitt, for multiple breaches of the Collaboration Agreement (the "Complaint"). The Complaint was filed in the Supreme Court in the State of New York in Manhattan. Among the many alleged breaches of the Collaboration Agreement that are enumerated in the complaint are the following:

- failing to provide Relief with the full data set from NeuroRx's recently completed phase 2b/3 clinical trial evaluating IV RLF-100 (aviptadil) for the treatment of acute respiratory failure due to COVID-19, which data and information are required to be provided to Relief by NeuroRx under the Collaboration Agreement and which data and information are required for Relief to seek approval to commercialize the product in Europe and by failing to collaborate with Relief so that Relief was provided meaningful input into NeuroRx's U.S. development program;
- failing to allow Relief, despite multiple requests, to conduct a forensic audit of NeuroRx's books and records to determine how the funds that Relief provided to NeuroRx were actually used;
- entering into multiple agreements relating to the development of the product subject to the collaboration without Relief's consent, as required under the Collaboration Agreement;
- engaging in commercialization efforts in territories outside the purview of NeuroRx's territory under the Collaboration Agreement; and
- developing additional COVID-19 treatments in violation of the exclusivity provisions of the Collaboration Agreement.

The suit also alleges, among other matters, breaches of the covenant of good faith and fair dealing and tortious interference with prospective economic advantage.

The Complaint, among other remedies, seeks damages, an order compelling NeuroRx to comply with multiple provisions of the Collaboration Agreement, and a declaration directing NeuroRx to deliver the entire data set from the Phase 2b/3 clinical trial of intravenously-administered aviptadil to Relief. There can be no assurance as to the outcome of this litigation.

On January 10, 2022, NeuroRx, filed a complaint against Relief in the Supreme Court of the State of New York in Manhattan. In its complaint, NeuroRx's makes numerous allegations, including the following:

- NeuroRx claims that Relief has breached the Collaboration Agreement by refusing to make required payments thereunder. NeuroRx currently appears to claim that we have failed to pay them approximately USD 13.8 million. We believe we have paid all amounts required to be paid under the Collaboration Agreement.
- NeuroRx claims that by failing to pay what they allege is due, Relief has repudiated the Collaboration Agreement and NeuroRx is no longer bound thereby. We disagree with their allegations and assert that the Collaboration Agreement remains in full force and effect.
- NeuroRx claims that Relief has defamed NeuroRx through its statements regarding NeuroRx's breaches of the collaboration agreement and other matters, claiming that Relief knew that such statements were recklessly made and/or knowingly false. Relief denies that any such statements were untrue or defamatory.

In the complaint, NeuroRx is claiming damages in excess of USD 185 million as well as seeking a ruling that the Collaboration Agreement is void. We have yet to be served with NeuroRx's complaint, which we expect will be consolidated with our complaint. We are also considering filing additional claims, including for defamation, as a result of recent public statements made about Relief by NeuroRx. We believe that NeuroRx's claims are without merit and that we will prevail before the court. However, there can be no assurance as to the result of the litigation, and an adverse ruling in the litigation could have a material adverse effect on our business, financial position, and results of operations.

On January 12, 2022, NeuroRx issued a press release about its counterclaim. In the press release, NeuroRx made several additional claims about Relief, which we responded to in a Relief press release on January 14, 2022:

- While NeuroRx claims in its press release that the Collaboration Agreement has been cancelled, we have stated that we continue to believe that the Collaboration Agreement remains in full force and effect, and that NeuroRx, not Relief, is in breach of that agreement.
- NeuroRx's press release included numerous statements that we believe to be false and materially inaccurate. Among others, these include statements made in the press release regarding the formulation of aviptadil that is the subject of the Collaboration Agreement. We assert that the statements in the NRx Press Release to the effect that we are misleading the public and our shareholders in our public statements and regulatory filings are false and defamatory.
- The press release discusses a damages calculation that we believe to be completely illogical and unsupported and makes claims, which we believe to be inaccurate and misleading, to the effect that our conduct was so egregious as to warrant the imposition of punitive damages. It is our belief that, to the contrary, it is NeuroRx's conduct that warrants the imposition of punitive damages.
- The press release makes allegations regarding our Chairman, Ram Selvaraju, that are false and defamatory. Contrary to the claims made in the press release, no members of Relief's board of directors are criminals or have been incarcerated, and we believe that the statements made in the press release, and Jonathan Javitt's statements in multiple posts on investor message boards regarding this topic, are false and defamatory as to Relief and its board and management.

The claims by NeuroRx will be responded to in an appropriate filing with the court once Relief is served with the complaint. Further, in light of these claims and statements made in the above-described press release, we are considering whether to file additional claims against NeuroRx and Jonathan Javitt. NeuroRx claims damages in excess of USD 185 million, in addition to its claim that Relief has repudiated the Collaboration Agreement. We believe that these claims are without merit, but there can be no assurance of the outcome of the litigation, and an adverse result could have a material adverse effect on our business, financial position, and results of operations.

On March 8, 2022, NRx announced the retirement of Dr. Javitt as its Chief Executive Officer. According to NRx's press release, Dr. Javitt continues to serve on NRx's Board of Directors and as its Chief Scientist. Dr. Javitt's retirement as CEO does not affect the status of Relief's lawsuit against Dr. Javitt.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2021 WAS A TRANSFORMATIVE YEAR FOR RELIEF, MARKING A PERIOD IN THE COMPANY'S GROWTH DURING WHICH WE BECAME A FULLY INTEGRATED, HIGHLY NIMBLE, CAPITAL-EFFICIENT, COMMERCIAL-STAGE BIOPHARMACEUTICAL COMPANY WITH OPERATIONS IN BOTH EUROPE AND THE U.S.

The acquisition of APR Applied Pharma Research SA ("APR") last June immediately provided us with a robust in-house commercial infrastructure in select European markets, notably Germany and Italy, giving us an effective platform for future product launches in Europe, in particular for ACER-001. We also gained a portfolio of marketed and late-stage products, including APR's lead commercial product line, PKU GOLIKE®, for the treatment of phenylketonuria ("PKU"), which is currently marketed in Europe. In keeping with our commitment to strategically expand our pipeline while maintaining a cost-effective, risk-mitigated approach to drug development, APR recently signed a binding term sheet with its UK partner for PKU GOLIKE, Meta Healthcare Ltd., to acquire the worldwide commercialization rights (except in the UK and Ireland) for a novel dosage form of an already FDA-approved prescription drug, which is intended for the treatment of patients with PKU. Increasing our offerings for this important, underserved patient population is key and we look forward to potential market launches in the U.S. and Europe sometime in 2024. APR's talented team, strong R&D capabilities, lengthy track record and expertise in drug innovation, reformulation and optimization, as well as its well-respected contract research business, all make us ever more confident of their ability to generate meaningful additional revenue growth going forward.

We are also working closely with our collaboration partner, Acer Therapeutics Inc. ("Acer"), on the preparations for a potential launch in the U.S. of ACER-001, a taste-masked, immediate-release, proprietary powder formulation of sodium phenylbutyrate (NaPB) for the treatment of urea cycle disorders ("UCDs"). As previously reported, Acer submitted a New Drug Application

("NDA") to the U.S. Food and Drug Administration ("FDA") under the 505(b)(2) pathway for ACER-001 in UCDs in June 2021. In October 2021, the FDA accepted the NDA for the treatment of patients with UCDs and assigned a Prescription Drug User Fee Act ("PDUFA") target action date of June 5, 2022. Assuming approval, we anticipate U.S. commercialization during the second half of 2022. We also plan to submit a Marketing Authorization Application for approval of ACER-001 for the treatment of UCD in the EU. Should we be granted approval, the drug will be marketed through APR's commercial infrastructure. We also intend to assess ACER-001 in a clinical program for Maple Syrup Urine Disease ("MSUD") during 2022.

Our strategic acquisition of AdVita Lifescience GmbH ("Advita") in July 2021 enabled us to strengthen our intellectual property position, with pending intellectual property rights that cover an improved formulation of the inhaled version of RLF-100® (aviptadil) and its potential application for the treatment of acute respiratory distress syndrome ("ARDS") unrelated to COVID-19 infection, as well as in other pulmonary disorders, including chronic beryllium disease ("berylliosis") and checkpoint inhibitor-induced pneumonitis ("CIP"), for which AdVita has already filed pending patent claims. An investigator-sponsored, randomized, double-blind, placebo-controlled phase 2 trial evaluating the inhaled formulation of RLF-100 for the prevention of COVID-19-related ARDS is currently underway.

In August of last year, AdVita was granted Orphan Drug Designation ("ODD") by the FDA for inhaled RLF-100 for the treatment of pulmonary sarcoidosis. Authorization to commence a phase 2 randomized, double-blinded, placebo-controlled clinical trial in this indication was recently granted by the German medical regulatory authorities, which we aim to initiate by the end of 2022. This represents Relief's third ODD, adding to existing designations for APR-OD031 in PKU and APR-TD011 in epidermolysis bullosa ("EB").

In November of 2021, we announced the signing of a collaboration agreement with InveniAI LLC, a company that has pioneered the application of artificial intelligence and machine learning across biopharma and other industries, in order to identify promising drug candidates to treat rare and specialty diseases. This has given us access to a proven platform that has been the basis of multiple partnerships with established companies, and we believe that the collaboration could generate numerous promising additions to our pipeline, over time. In particular, by focusing on the optimization of existing approved APIs, we hope to ensure well-established clinical safety and tolerability for the product concepts that are identified, giving us a running start in pursuing development of novel uses for these drugs.

In addition to each of the above activities, our team continues to evaluate in-licensing and acquisition opportunities to aggressively expand and diversify the pipeline.

As the COVID-19 pandemic has moved closer to endemic status, we remain committed to the development of RLF-100 for the treatment of respiratory complications of COVID-19 infection. The ACTIVE-3b/TESICO study sponsored by the U.S. National Institutes of Health ("NIH") assessing the intravenous formulation of aviptadil remains underway. In February 2022, NRx Pharmaceuticals, Inc. ("NRx"), the parent company of our collaboration partner for RLF-100 in the U.S., NeuroRx, Inc., reported that the results of a review conducted by the Therapeutics and Prevention Data Safety and Monitoring Board ("DSMB") of the National Institute of Allergy and Infectious Diseases ("NIAID") of the NIH cleared the trial to continue to the full enrollment of 640 patients. NRx further reported that the TESICO protocol was submitted by NIH and cleared by the FDA as a phase 3 trial that, if positive, may be used in the submission of an NDA for aviptadil. The I-SPY trial sponsored by Quantum Leap testing the inhaled formulation of aviptadil also remains ongoing.

NRx announced in November 2021 that Prof. David Schoenfeld, one of the world's most widely published statisticians with unique expertise in life-threatening diseases of the lung, had conducted an in-depth analysis of clinical data generated to date with intravenously administered aviptadil in patients with respiratory complications of COVID-19 infection. Dr. Schoenfeld analyzed the subgroup of patients in the COVID-AIV trial (NCT 04311697) that remained in respiratory failure despite treatment with remdesivir. The analysis identified a statistically significant (p=0.03) 2.5-fold increase in the odds of being alive and free of respiratory failure at 60 days (the primary endpoint) and a statistically significant (p=0.006) four-fold higher odds of being alive at day 60 among patients treated with aviptadil compared to those treated with placebo.

The reanalysis of the trial data also confirmed a statistically significant (p=0.03) two-fold survival advantage seen across all patients treated with aviptadil vs. those treated with placebo and showed increased odds of reaching the primary endpoint in the study, being both alive and free of respiratory failure at 60 days, which approached statistical significance (p=0.08). In January 2022, NRx reported that it had submitted an application to the FDA seeking Emergency Use Authorization ("EUA") for the use of aviptadil to treat patients with critical COVID-19 who are at immediate risk of death from respiratory failure, despite treatment with approved therapy including remdesivir, and who are ineligible for enrollment into the ACTIV-3b NIH-sponsored trial.

As most of you are aware, we are currently in mediation with NRx regarding our collaboration agreement on aviptadil. These activities are ongoing and we remain optimistic that we can come to an amicable solution.

The pace of activities we achieved, including the expansion of our clinical pipeline and marketed products, necessitated an expansion of our management team to support our long-term growth, in which endeavor we have made significant progress. Most recently, we were

pleased to appoint three seasoned biotech executives to key positions; Christopher Wick, as Senior Director, Head of U.S. Sales; Anthony M. Kim, as Senior Vice President and Head of U.S. Commercial Operations; and Nermeen Varawalla, MD, PhD, to the position of Chief Medical Officer. In addition, we were successful in expanding our Board of Directors to five members, with the additions of Tom Plitz, who had been appointed Vice Chairman; Paolo Galfetti, Chief Executive Officer of APR and now President of Relief Europe; Patrice Jean, Partner and Chair of the Life Sciences Group at Hughes Hubbard & Reed LLP, a leading New York-based law firm; and, most recently, Michelle Lock, who previously was Head of Europe and International at Acceleron Pharma and who currently serves as Chief Operating Officer of Covis Pharma, a specialty pharmaceuticals firm based in Zug, Switzerland.

During 2021, we launched a Level 1 ADR program in the U.S. and in December, we filed a Registration Statement to begin the process of moving to a Level 2 ADR program as part of our ongoing efforts to up list to the Nasdaq Stock Market during the first half of 2022. The combination of two completed PIPE transactions, which raised a total of CHF 25 million, and our treasury share sale program, allowed us to end the year with a solid cash position of CHF 44.8 million, with a forecasted cash runway well into 2023, assuming timely approval of ACER-001. We also expect that, with a successful launch of ACER-001 and the potential expansion of its PKU GOLIKE franchise into the U.S., Relief could achieve positive operating cash flow status during 2024. This could also be positively affected if Relief is successful in obtaining an approval to market RLF-100.

In closing, I would like to thank all of our partners, collaborators and long-term shareholders for their continued support of Relief and would also like to welcome each of our new investors. Today, we are a more mature, forward integrated, commercial-stage specialty drug company with a deep pipeline and multiple opportunities for growth. We look forward to sharing continued updates on our progress.

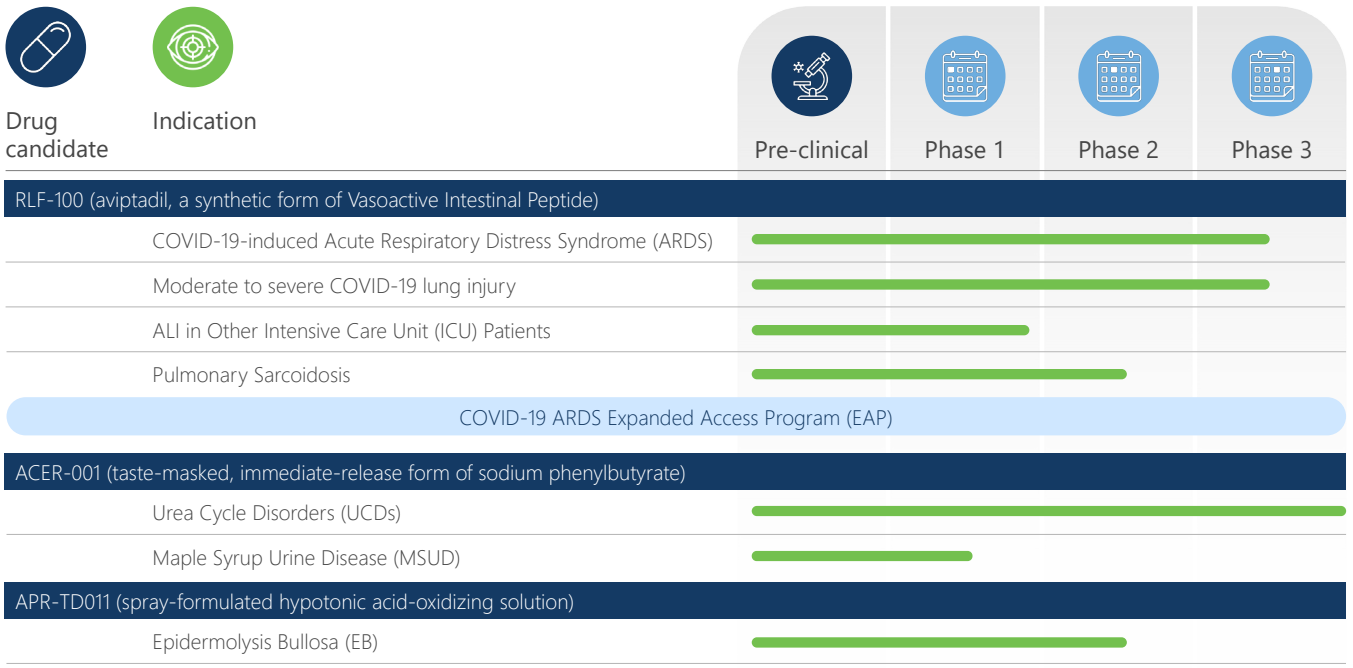
Sincerely,

Raghuram Selvaraju, Ph.D., M.B.A.
Chairman of the Board of Directors

PORTFOLIO & PIPELINE

Relief's clinical development program focuses on pulmonary diseases and rare genetic, metabolic and connective tissue disorders. The diversified pipeline consists of three differentiated late-stage assets that have the potential to effectively address significant unmet medical need.

PIPELINE



RLF-100® (AVIPTADIL)

RLF-100® (aviptadil) is a synthetic form of Vasoactive Intestinal Peptide ("VIP") consisting of 28 amino acids, discovered in 1970. Although initially identified in the intestinal tract, human VIP is now known to be produced throughout the body and to be primarily concentrated in the lungs. Seventy percent of VIP in the body is bound to the alveolar type 2 cells in the lungs, where VIP has been shown to have a multimodal mechanism of action, namely, inhibition of the release of inflammatory cytokines so as to prevent the cytokine storm syndrome and viral replication, immunomodulation, vasodilatation, broncho-dilation and prevention of depletion of pulmonary surfactant which can be depleted in COVID-19 infection to contribute to respiratory failure.

RLF-100 has a 20-year record of safe human use in multiple clinical trials for sarcoidosis, idiopathic pulmonary fibrosis, asthma, pulmonary arterial hypertension, and sepsis-induced acute respiratory distress syndrome. A combination of aviptadil with phentolamine is approved for the treatment of erectile dysfunction by intra-cavernous injections in multiple countries outside the U.S.

A phase 2b/3 clinical study with intravenous RLF-100 in patients with COVID-19 induced acute respiratory distress syndrome ("ARDS") was completed in the U.S. by the parent company, NRx Pharmaceuticals, Inc. (Nasdaq: NRXP) ("NRx"), of Relief's clinical development partner for RLF-100, NeuroRx, Inc. ("NeuroRx"). Additionally, intravenous RLF-100 is included as a treatment option in the National Institute of Health ("NIH") sponsored phase 3, ACTIV-3b/TESICO clinical trial in severely ill patients with COVID-19. NRx has submitted an FDA Emergency Use Application (EUA) for the use of RLF-100 to treat critically ill COVID-19 patients at risk of death from respiratory failure despite treatment with approved therapies including remdesivir and who are ineligible for enrollment in the ACTIV-3b/TESICO clinical trial. Depending on the FDA's decision and analysis of the full clinical data set of the U.S. phase 2b/3 trial, once received, Relief will finalize the clinical development

pathway for RLF-100 in COVID-19 induced ARDS, suited for Europe and other territories. Inhaled RLF-100 is presently being studied in an investigator-sponsored trial for the prevention of ARDS associated with COVID-19 as well as in the AVICOVID-2 trial for the treatment of severe COVID-19. Furthermore, inhaled RLF-100 is being evaluated in the phase 2 I-SPY COVID-19 trial, an adaptive platform clinical trial for severely and critically ill COVID-19 patients.

The Company is also considering developing RLF-100 for other acute and chronic lung diseases, including pulmonary sarcoidosis, for which it was granted an Orphan Drug Designation ("ODD") by the FDA.

ACER-001

ACER-001 is a proprietary powder formulation of sodium phenylbutyrate (NaPB); its microencapsulation formulation process confers the benefits of being taste-masked and immediate release. Hence, ACER-001 is suitable for the treatment of various Inborn Errors of Metabolism ("IEMs"), including Urea Cycle Disorders ("UCD") and Maple Syrup Urine Disease ("MSUD"). ACER-001 microparticles consist of a core of active drug, and a taste-masked coating that rapidly dissolves in the stomach thereby avoiding its bitter taste whilst allowing for rapid systemic absorption. The palatability of ACER-001 makes it a compelling alternative to existing NaPB treatments, as the unpleasant taste associated with NaPB remains a major impediment to patient acceptance and compliance with this essential lifelong treatment.

UCD are a group of disorders caused by genetic mutations that result in a deficiency in one of the six essential enzymes that catalyze the urea cycle, thereby resulting in an excess accumulation of ammonia in the bloodstream, a condition known as hyperammonemia. Acute hyperammonemia can cause lethargy, somnolence, coma, and multi-organ failure. Chronic hyperammonemia can lead to headaches, confusion, lethargy, failure to thrive, behavioral changes and learning and cognitive deficits. Common symptoms of both acute and chronic hyperammonemia also include seizures and psychiatric symptoms. Lifelong treatment with NaPB is required to protect UCD patients from the hazards of hyperammonemia.

Acer Therapeutics has submitted an NDA to the FDA under the 505(b)(2) pathway for ACER-001 in UCD in June 2021 which was accepted in October 2021. The FDA has assigned a PDUFA target action date of June 5, 2022. Relief anticipates commercialization of ACER-001 for UCD in the U.S. by year end 2022, after which Relief intends to submit a Marketing Authorization Application for approval of ACER-001 for the treatment of UCD in the European Union.

Clinical studies evaluating ACER-001 in MSUD are expected to begin in the second half of 2022 contingent to the FDA approval of a related Investigational New Drug application expected to be filed always in the second half of 2022. It is expected that the clinical data from these studies would be suitable for product registration in the U.S. and Europe.

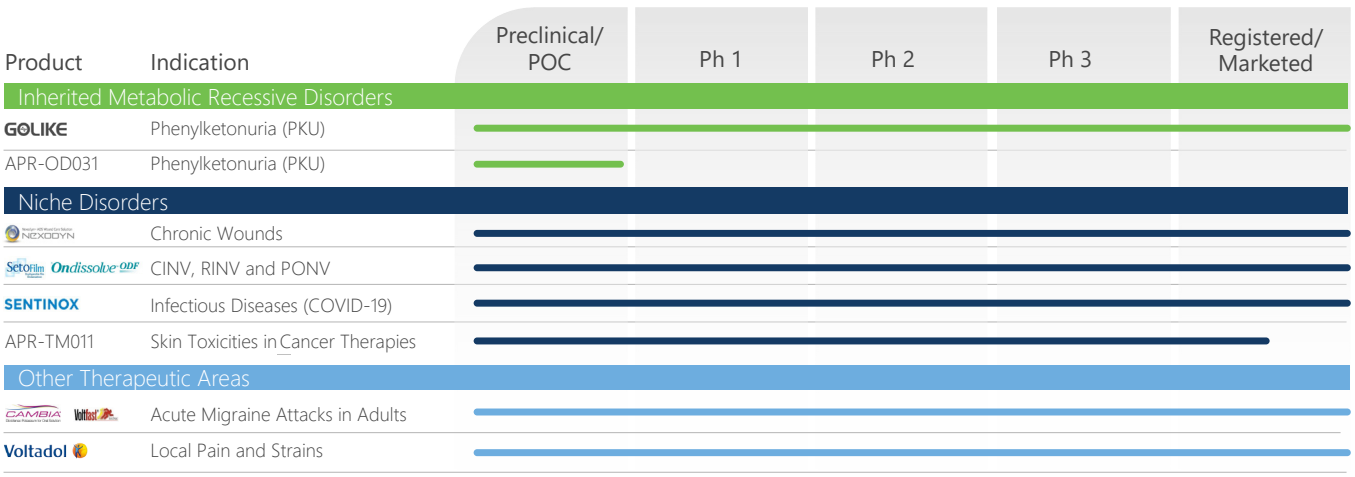
APR-TD011

APR-TD011 is indicated for the treatment of epidermolysis bullosa (“EB”), a group of rare, genetic, life-threatening connective tissue disorders characterized by fragile skin and mucous membrane with severe blistering throughout the body. There are an estimated 250'000 patients with EB worldwide, with an estimated 30'000 patients in the European Union and 20'000 patients in the U.S.

APR-TD011 is a differentiated acid oxidizing solution of hypochlorous acid. The TEHCLO® proprietary technology allows for a sprayable solution that combines strong antimicrobial action with anti-inflammatory properties. Thereby allowing for infection control, reduction of wound colonization, alleviation of pain and itching and improved wound healing. Its spray formulation permits wound application whilst avoiding skin contact and cross-contamination. Based on this product profile APR-TD011 has been granted an FDA Orphan Drug Designation for EB.

In a preliminary clinical trial, EB patients administered with APR-TD011 demonstrated improvement in skin blistering and tissue repair within just two weeks of treatment, and the product candidate was shown to be well tolerated with a favorable safety profile. Relief will initiate the clinical development pathway for the FDA and EMA approval of APR-TD011 in EB.

COMMERCIAL DEVELOPMENT



Through the acquisition of APR, Relief gained a portfolio of commercialized assets that are marketed through various partnerships across the world, providing royalty and partnered sales revenues.

In addition, the acquisition provides Relief with an in-house commercial infrastructure in selected European markets, notably Germany and Italy, and in Switzerland. This gives Relief an effective platform for product launches in Europe.

Furthermore, APR has product development and formulation capabilities to perform in-house projects as well as contract services for third parties.

PKU GOLIKE®

The lead product in APR's commercial portfolio is PKU GOLIKE®, which is being commercialized for the treatment of phenylketonuria ("PKU"), a rare inherited disorder affecting approximately 350'000 patients in the world's key markets. PKU is caused by a defect of the enzyme needed to break down phenylalanine, leading to a toxic buildup of phenylalanine from the consumption of foods that contain protein or aspartame that can eventually lead to serious health problems, notably neurological deficiencies. Excessive levels of phenylalanine in the blood results in its accumulation in the brain, which hinders brain development and results in neurophysiological dysfunction. To avoid these serious consequences, people with PKU need to comply with a strict diet that limits phenylalanine for the entire lives, from infancy onwards.

Patients with PKU require supplementation of amino acids formulated as foods for special medical purposes ("FSMP") to prevent protein deficiency and optimize metabolic control. Given the unpleasant odor and aftertaste of most FSMPs which contributes to the barriers for social interaction for PKU patients, their compliance with these FSMPs is poor, exposing them to the risks of poor disease control.

PKU GOLIKE® is the first controlled-release amino acid mix product with effective taste and odor masking. With these characteristics, PKU GOLIKE® is a uniquely differentiated product, offering improved metabolic management and opportunity for better compliance for PKU patients of all age groups. In the U.S., PKU GOLIKE® (code named APR-OD031) has been granted Orphan Drug Designation ("ODD"), and Relief intends to assess options to pursue its approval of PKU GOLIKE® as a prescription product. PKU GOLIKE® is currently sold by a direct sales and marketing organization in Germany, Italy, Switzerland and Austria, and is marketed in the UK and Spain by an APR contracted local distributor. In numerous European countries, PKU GOLIKE® is a fully reimbursed treatment option for PKU patients.

Relief is planning to expand the PKU GOLIKE® commercial infrastructure beyond the current countries where APR is present and aims to strengthen the commercial activities to increase and accelerate future growth. This will be supported by newer formulations of PKU GOLIKE® such as fruit flavored protein bars. In particular, Relief is planning to launch the PKU GOLIKE® family of products in the U.S. sometime in Q3/2022 where it is currently building up its own commercial infrastructure and team.

NEXODYN®

Nexodyn® Acid-Oxidizing Solution (AOS) is a Tehclo®-based product proven to restart wound healing in chronic wounds by creating an ideal microenvironment to sustain the physiological healing process. A wealth of evidence and real-world experience has consistently shown accelerated wound closure with reduced infection rates and less wound-associated pain.

SETOFILM/ONDISSOLVE

SETOFILM is the first prescription-only medicine approved in Europe and Canada, developed as an oro-dispersible film ("ODF") formulation to be registered in Europe. The product is available in 4mg and 8mg doses. Once placed on the tongue, it dissolves in a few seconds and is swallowed with saliva without the need for water. The innovative ODF form could reduce the patient pill burden and enable patients to conveniently take their medication anywhere.

The product is indicated for radiotherapy induced nausea and vomiting ("RINV"), chemotherapy induced nausea and vomiting ("CINV") as well as post-operative induced nausea and vomiting ("PONV") in both adult and children of 6 months of age or older. The product has been formulated and developed using the RapidFilm drug delivery technology and is in the form of a soluble film to be placed on the tongue where it dissolves in few seconds, thus enhancing patient compliance and avoiding risks of suffocation in children.

The product is approved in Europe and Canada as a prescription drug and it is marketed by Norgine B.V. and Takeda Pharmaceuticals, respectively, under license from APR.

SENTINOX

APR's novel nasal spray, Sentinox, a Class III medical device intended to offer additional protection against airborne viruses and bacteria and their transmission, including, but not limited to, SARS-CoV-2, was evaluated in a randomized, controlled clinical trial to establish the efficacy and safety of the product in reducing viral load in the upper respiratory airways in recently COVID-19 infected individuals. The final results were reported in March 2022. Although the primary endpoint was not reached due to the small sample size, the results suggest the potential efficacy of Sentinox in the reduction of the nasal viral load, negativization and infectivity and confirmed its safety and tolerability.

APR TM-011

APR TM-011 is currently approved in the EU as a Class III Medical Device for the treatment of skin lesions and toxicities induced by cancer treatments, including anti-Epidermal Growth Factor Receptors (anti-EGFR) Monoclonal Antibodies, such as Cetuximab. The use of anti-EGFR inhibitors causes papulopustular manifestations due to their interference of epidermal growth factor receptor (EGFR) signaling in the skin with a high risk of secondary infections. Following commercial assessment, the company is planning to conduct a follow-on clinical study for product approval in Europe as a Class III Medical Device beyond 2024, when the new EU device regulations will apply. This clinical study would be a multi-center, post-market, double blind, placebo-controlled trial to evaluate the efficacy, safety and tolerability of APR TM-011 in the management of skin lesions and reactions resulting from anti-EGFR Monoclonal Antibodies and/or radiotherapy treatments in oncology patients.

CAMBIA

Diclofenac potassium is an off-patent, potent non-steroidal anti-inflammatory drug ("NSAID") widely used for treating inflammatory conditions and pain management. By applying its patented dynamic buffering technology ("DBT"), APR developed the first, and only, NSAID approved by the FDA for the treatment of acute migraine attacks in adults. The product is currently marketed as CAMBIA by Assertio Therapeutics Inc. (Nasdaq: ASRT) in the U.S. and Miravo Healthcare (formerly Nuvo Pharmaceuticals Inc.) in Canada, under an exclusive, royalty bearing license agreement with APR.

VOLTADOL

Using its patented matrix patch technology, APR has developed a topical patch containing and delivering diclofenac sodium, an off-patent, potent NSAID for the local treatment of painful, acute conditions such as muscle and joint strains. The product is marketed in various countries as an over-the-counter medicine, by GlaxoSmithKline (GSK).

FINANCIAL REVIEW

The following review of the financial results should be read in conjunction with the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

KEY FINANCIAL FIGURES 2021

in CHF millions	2021	2020
Income statement		
Revenue	3.3	—
Other gains	1.2	0.3
Total income	4.5	0.3
Raw materials and consumables expense	(0.8)	—
External selling and distribution expense	(0.4)	—
External research and development expense	(19.0)	(13.7)
Personnel expense	(9.1)	(2.6)
Other administrative expense	(6.8)	(3.0)
Other losses	(0.8)	(1.3)
Reversal of impairment losses on intangible assets	—	11.2
Amortization and depreciation expense	(2.0)	—
Operating result	(34.3)	(9.1)
Gain from disposal of a subsidiary	—	3.4
Financial expense	(1.2)	(0.5)
Income taxes	0.8	(1.6)
Net result for the period	(34.7)	(7.8)
Balance sheet		
Non-current assets	196.6	31.2
Current assets	55.0	46.9
Equity	181.5	67.0
Non-current liabilities	50.4	4.3
Current liabilities	19.7	6.7
Cash flows		
Cash flow used in operating activities	(35.7)	(18.3)
Cash flow from investing activities	(30.3)	3.0
Cash flow from financing activities	67.7	58.2
Cash and cash equivalents at December 31	44.8	43.2

RESULTS OF OPERATION

The Group's portfolio of marketed products generated CHF 3.3 million in **revenue** during the 6-month period from July to December 2021, following the acquisition of APR on June 28, 2021. **Costs of sales** incurred from third parties in the same period amounted to CHF 1.2 million. Prior to the acquisition of APR, the Group had no operating revenue.

The Group recognized in 2021 **other gains** of CHF 1.2 million (2020: CHF 0.3 million), mainly in relation with the write-off of financial liabilities.

Outsourced **Research and development expenses** increased from CHF 13.7 million to CHF 19.0 million and were driven by development funding of ACER-001 in the U.S. and development activities for RLF-100. Furthermore, the Group invested in the development of APR's technology platforms.

Personnel expenses increased from CHF 2.6 million to CHF 9.1 million. The business combinations with APR and AdVita increased the number of full-time equivalents and consultants from a dozen to six dozen, before organizational adjustments realized in the fourth quarter of 2021. As of December 31, 2021, the Group employed 55 full time equivalents and consultants.

The addition of APR and AdVita organizations, as well as increased needs of professional services for operations and financing activities, resulted in an increase of **administrative expenses** from CHF 3 million to CHF 6.8 million.

In 2021, **amortization and depreciation expenses** amounted to CHF 2.0 million (2020: nil), mainly driven by the amortization of certain intangible assets acquired with APR.

Net financial expenses were CHF 1.2 million (2020: CHF 0.5 million), mainly constituted by the Share Subscription Facility fee, by the effect of the passage of time in the fair value measurement of contingent liabilities, and by negative interests charged on the Group's Swiss francs deposits.

Income tax gain of CHF 0.8 million resulted from variations of deferred tax assets and liabilities (2020: CHF 1.6 million loss). The Group did not have to pay or accrue income tax in jurisdictions where it is present.

The Group incurred a **net loss** of CHF 34.7 million in 2021, compared to a net loss of CHF 7.8 million in 2020.

BALANCE SHEET AND CASH FLOWS

In 2021, Relief acquired the two companies, APR and AdVita, and the ACER-001 license. On the asset side, the consolidation of the two subsidiaries and the capitalization of the acquisition cost of the license essentially resulted in an increase of **intangible assets** from CHF 30.8 million to CHF 192.3 million. On the liability side, the transactions essentially resulted in the recognition of **provisions** for contingent liabilities of CHF 30.8 million and **deferred tax liabilities** of CHF 21.5 million. Mainly as a result of the two acquisitions, the balance sheet of the Group increased by CHF 173.6 million to CHF 251.6 million.

Other current assets increased from CHF 3.5 million to CHF 8.5 million and are primarily constituted by CHF 5.3 million unused advance payments made to Acer Therapeutics Inc. under the collaboration agreement.

In 2021, the Group raised cash gross proceeds of CHF 75.9 million through private placements and sales of treasury shares. In addition, the issuances of shares for partial payments of APR and AdVita acquisitions increased the equity reserves by CHF 74.4 million. Overall, total **shareholders' equity** increased from CHF 67 million to CHF 215.8 million prior to the allocation of the 2021 comprehensive loss of CHF 34.3 million.

Cash used by the Group in 2021 was primarily related to its operating activities and the acquisition of APR and ACER 001 license. The Group ended the year with a solid **cash position** of CHF 44.8 million (2020: 43.2) and forecasted a cash runway well into 2023.

CORPORATE GOVERNANCE

The corporate governance principles of RELIEF THERAPEUTICS Holding SA ("Relief", the "Company"; together with its subsidiaries, the "Group") are outlined in the Company's Articles of Association (the "Articles") and in the organizational regulations (the "Organizational Regulations") adopted by the Board of Directors (the "Board"). The Articles can be viewed or downloaded on the Company's website (www.relieftherapeutics.com/investor-relations).

Further, the information disclosed below conforms to the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange.

In order to avoid redundancies, references to other parts of this Annual Report and links to the Relief website (www.relieftherapeutics.com) that provide additional, more detailed information, are included.

1 LISTED COMPANY

Company Name	RELIEF THERAPEUTICS Holding SA
Domicile	Avenue de Sécheron 15, CH-1202 Geneva
Register number	CHE-113.516.874
Listing	SIX Swiss Exchange, symbol “RLF”
ISIN	CH0100191136
Swiss security ID	10019113
Market capitalization as of December 31, 2021	CHF 255'857'664
Share price as of December 31, 2021	CHF 0.622
Duration of the company	Unlimited

2 GROUP STRUCTURE

On December 31, 2021, the Group consisted of RELIEF THERAPEUTICS Holding SA as the listed parent company and the following non-listed direct and indirect subsidiaries:

Name	Domicile	Share Capital	Shareholder	% Owned
Relief Therapeutics International SA	Geneva (CH)	CHF 338'364	RELIEF THERAPEUTICS Holding SA	100
Relief Therapeutics US, Inc.	New York (U.S.)	USD 1	RELIEF THERAPEUTICS Holding SA	100
Relief Therapeutics, Inc.	New York (U.S.)	USD 1	RELIEF THERAPEUTICS Holding SA	100
APR Applied Pharma Research SA	Balerna (CH)	CHF 640'596	RELIEF THERAPEUTICS Holding SA	100
APR Applied Pharma Research Holding SA	Balerna (CH)	CHF 100'000	APR Applied Pharma Research SA	100
APR Applied Pharma Research - Italy s.r.l.	Rome (IT)	EUR 10'000	APR Applied Pharma Research Holding SA	100
APR Applied Pharma Research Deutschland GmbH	Offenbach am Main (DE)	EUR 25'000	APR Applied Pharma Research Holding SA	100
AdVita Lifescience GmbH	Freiburg im Breisgau (DE)	EUR 25'918	RELIEF THERAPEUTICS Holding SA	100
AdVita Lifescience AG	Basel (CH)	CHF 100'000	AdVita Lifescience GmbH	100
AdVita Lifescience, Inc.	New York (U.S.)	USD 0	AdVita Lifescience GmbH	100

3 SIGNIFICANT SHAREHOLDERS

According to disclosure notifications filed with the Company and the SIX, the following shareholders held more than 3% of the registered share capital of the Company as of December 31, 2021.

	Shares	Percentage of voting rights	Percentage of capital
GEM Global Yield LLC SCS[1] (beneficial owner: Christopher Brown) *SIX publication date: September 8, 2021*	1'158'000'000	26.32%	26.32%
APR's sellers group[1] *SIX publication date: August 7, 2021[2]*	206'786'784	4.70%	4.70%
Relief Therapeutics International SA[3] (beneficial owner: RELIEF THERAPEUTICS Holding SA)	299'867'357	6.79%	6.79%

1 Number of shares and percentages correspond to the figures set forth in the notifications filed with the SIX. Derivative holdings are not included.
2 Beneficial owners were Onelife AG, Giorgio Reiner, HBM BioCapital II LP, Paolo Galfetti, Thomas Rinderknecht, AKT s.r.l., Alessandro Bossi, Massimo Poletti, Enrico Braglia, Aztec Group House, and Roberto De Noni.
3 Shares held by Relief in treasury as of December 31, 2021.

As of December 31, 2021, the Company was not aware of any other person or group of persons directly or indirectly holding, alone, together or in concert with third parties, 3% or more of the voting rights in the Company or who has a sale position of more than 3% of the voting rights in the Company.

Details on changes subject to disclosure requirements during the 2021 financial year and up to the date of this report can be viewed on the SIX Swiss Exchange disclosure platform at www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

No cross-shareholding relationships existed as of December 31, 2021.

4 CAPITAL STRUCTURE

As of December 31, 2021, the issued share capital of the Company amounted to CHF 44'133'346.17, consisting of 4'413'334.617 fully paid-in registered shares with a nominal value of CHF 0.01 each. The Company has only one class of shares (common registered shares), and all issued shares are listed and traded on the SIX Swiss Exchange. As of December 31, 2021, the Company held 299'867'357 of its own shares. For further information, refer to note 18 of the consolidated financial statements.

In November 2021, Relief launched an American Depositary Receipt ("ADR") level 1 program, supported by J.P. Morgan as depositary bank. An ADR is a negotiable receipt to evidence one or more American Depositary Shares ("ADS"). Each Relief ADS represents 150 ordinary shares and trades on the over-the-counter (OTC) market in the U.S. Under the ADR program, the owners and holders of ADSs have the same rights to dividends and distributions and voting powers as the holders of Relief's ordinary shares, subject, however, to enforcement procedures provided in the deposit agreement entered into by and among Relief, J.P. Morgan and the holders of the ADSs. The ADR program does not result in an increase in the number of outstanding shares. Relief intends to take the necessary steps in the future to transition from a level 1 ADR program to a level 2 or a level 3 ADR program, with the ultimate goal of listing its ADRs on the Nasdaq Stock Market. There can be no assurance that Relief will be successful in those efforts.

4.1 AUTHORIZED SHARE CAPITAL

As of December 31, 2021, the Company had authorized share capital of CHF 6'564'970.92, consisting of 656'497'092 registered shares with a par value of CHF 0.01 each, which the Board was authorized to issue at any time until June 17, 2023.

Post reporting date, the revised Articles approved by the Company's Extraordinary General Meeting of January 28, 2022 ("Revised Articles"), provide for the following:

The Board is authorized to determine the appropriate issue price, the date of dividend entitlement and the way of contribution. The Board may issue new shares by means of underwriting or in any other manner by one or more banks and subsequent offer to shareholders or third parties. The Board is authorized to permit, to restrict or to deny the trade of subscription rights. The Board may forfeit unexercised subscription rights, or it can distribute these or the shares for which subscription rights have been granted but not exercised at market conditions or otherwise use them in the interest of the Company. The Board is further entitled to restrict or exclude the subscription rights of shareholders and to allocate them to third parties, or to the Company, in the event of the use of shares (i) for the acquisition of companies, parts of companies or participations, the acquisition of products, intellectual property or licenses, or for investment projects or for the financing or refinancing of such transactions through a placement of shares; or (ii) for the purpose of broadening the shareholder constituency or in connection with a listing of shares on domestic or foreign stock exchanges; or (iii) for the participation of employees, members of the Board and consultants of the Company or its subsidiaries in accordance with one or more regulations adopted by the Board; or (iv) in connection with an offering of securities in order to cover the green shoe option (surplus allocation option) granted to one or more banks; or (v) for investment projects and/or financial instruments which are used in national or international capital markets; or (vi) for raising capital in a fast and flexible manner, which would hardly be achievable without the exclusion of the statutory subscription rights of the existing shareholders; or (vii) for other valid grounds pursuant to Article 652b para. 2 Swiss Code of Obligations.

4.2 CONDITIONAL SHARE CAPITAL

According to the Articles, the conditional share capital of the Company at December 31, 2021 was CHF 16'848'742.75, consisting of 1'684'874'275 registered shares with a par value of CHF 0.01 each, of which 121'874'275 to be used for stock options for members of the Board, employees and consultants of the Company or its subsidiaries (see Article 3b para. 1 of the Articles), as well as 1'563'000'000 shares to be used for the exercise of option rights granted in connection with bonds and similar financial instruments or loans of the Company or its subsidiaries that allow for conversion into shares of the Company, or option rights granted to existing and/or new shareholders in connection with capital increases (see Article 3b para. 2 of the Articles).

As of December 31 2021, the conditional share capital pursuant to Article 3b para. 1 of the Articles has been used in an amount of CHF 1'310'446.10, consisting of 13'104'461 new registered shares that were created through options exercise. No new shares were issued in 2021 under Article 3b para. 2 of the Articles.

Post reporting date, as per the Revised Articles, the conditional share capital set forth in Article 3b para. 1 of the Revised Articles amounts to CHF 1'087'698.14 divided into 108'769'814 registered shares with a par value of CHF 0.01 per share. Accordingly, the Company's share capital may be increased by the issuance of up to 108'769'814 registered shares to be fully paid up, each with a par value of CHF 0.01 to a nominal value of CHF 1'087'698.14 through the exercise of options granted to employees, members of the Board and consultants of the Company or its subsidiaries. The subscription rights and preemptive rights of the shareholders of the Company are excluded in connection with the issuance of any shares, options or subscription rights thereof. For more details, refer to Article 3b para. 1 of the Revised Articles.

In addition, pursuant to Article 3b para. 2 of the Revised Articles, the share capital may be increased by the issuance of up to 1'563'000'000 registered shares to be fully paid up, each with a par value of CHF 0.01 to a nominal value of CHF 15'630'000.00 by the exercising of conversion or option rights granted to entitled parties in connection with bonds and similar financial instruments or loans of the Company or its subsidiaries that allow for conversion into shares of the Company, or option rights granted to existing and/or new shareholders in connection with capital increases. Subscription rights of shareholders are excluded. For more details, refer to Article 3b para. 2 of the Revised Articles.

4.3 CONVERTIBLE BONDS AND OPTIONS

As of December 31, 2021, there are no outstanding convertible bonds on the Company's securities.

As of December 31, 2021, the Company had 68'650'697 options outstanding, of which 7'550'697 were exercisable, all under Article 3b para. 1 of the Articles. During 2021, 13'104'461 vested stock options were exercised, 62'200'000 options were granted to employees, members of the Board and consultants of the Company or its subsidiaries and 4'812'500 options were forfeited.

The following table reconciles the share options outstanding at the beginning and end of the year:

	2021	2020
Options outstanding at the beginning of the year	24'367'658	70'530'000
Granted	62'200'000	21'963'383
Exercised	(13'104'461)	(68'125'725)
Forfeited	(4'812'500)	—
Options outstanding at the end of the year	68'650'697	24'367'658

As of December 31, 2021, the Company maintained a stock option plan established in 2021 (the "Stock Option Plan 2021"), as well as a legacy stock option plan (the "Equity Awards Program 2015") for which certain options remain outstanding. Stock option plans were established for the Company's employees, Board members and consultants, whereby each option gives its holder the right to purchase one share of the Company at a pre-determined price. When options are exercised, the corresponding shares are issued from the Company's conditional capital. Option grants are proposed by the Company's Nomination and Compensation Committee and approved by the Board.

For further information on exercised and outstanding options, refer to note 35 of the consolidated financial statements.

4.4 PARTICIPATION CERTIFICATES AND PROFIT-SHARING CERTIFICATES

The Company has not issued participation certificates nor profit-sharing certificates.

5 CHANGES IN SHARE CAPITAL

The development of the issued share capital of the Company over the last three financial years is as follows:

	Number of issued shares	Share capital CHF	Number of treasury shares
December 31, 2018	**2'088'920'472**	**20'889'204.72**	**—**
Issuance from conditional capital	24'998'800		
December 31, 2019	**2'113'919'272**	**21'139'192.72**	**—**
Issuance from conditional capital	1'132'807'976		
December 31, 2020	**3'246'727'248**	**32'467'272.48**	**—**
Issuance from authorized capital	1'153'502'908		
Issuance from conditional capital	13'104'461		
December 31, 2021	**4'413'334'617**	**44'133'346.17**	**(299'867'357)**

Further information is provided in note 18 of the consolidated financial statements.

6 LIMITATIONS ON TRANSFERABILITY OF SHARES AND NOMINEE REGISTRATIONS

The Company's registered shares are issued and managed as book-entry securities. The Company may, however, withdraw shares managed as book-entry securities from the custody system. Further, the Company may issue certificates (individual documents and certificates or global certificates) or convert book-entry securities or certificates into a different form and cancel issued certificates delivered to it.

Voting rights and appurtenant rights associated therewith may be exercised by a shareholder, usufructuary of shares or nominee only to the extent that such person is recorded in the share register as a shareholder with voting rights. In principle, the Company's shares are freely transferable. A purchaser of shares will only, upon request, be recorded in the share register as a shareholder with voting rights, if such acquirer expressly declares to have acquired the shares in his/her own name and for his/her own account. The Revised Articles provide that for as long as registered shares are issued as book-entry securities, the transfer by way of assignment is excluded.

Post reporting date, the following adjusted nominee regime has been implemented in the Revised Articles: persons who do not declare that they have acquired their registered shares in their own name and for their own account ("Nominees") may be registered in the share register as shareholders with voting rights with respect to a number of registered shares of the Company that represents up to 2% of the share capital of the Company registered in the commercial register. The Board may further register a nominee as a shareholder with voting rights beyond the 2% limit if the relevant Nominee undertakes to communicate to the Company, upon request, the surname and first name (for legal entities, the company name), together with the address (for legal entities, the registered office) of the persons for whose account the relevant Nominee holds 2% or more of the share capital of the Company registered in the commercial register, and the number of registered shares of the Company held by the relevant Nominee for the account of such persons.

After hearing the registered shareholder in question, the Board may remove the registration of such shareholder as a shareholder with voting rights in the share register with retroactive effect to the date of registration if the registration was made on the basis of false or misleading information or in the event of a breach of the agreement between the Company and the shareholder concerned. The relevant shareholder concerned must be informed of the cancellation.

In special cases, the Board may grant exemptions from the rule concerning Nominees.

7 BOARD OF DIRECTORS AND ITS COMMITTEES

The following table sets forth the name, year joined the Board, directorship term, function and committee membership of each member of the Board as of December 31, 2021. A description of each member's nationality, business experience, education and activities is provided in section 7.1 below. The Board committees are described in section 7.4.

Name	First elected	Elected until	Board	Committees		
				NCC	AFC	CGC
Raghuram Selvaraju	2016	2022	Chairman	X		
Thomas Plitz	2020	2022	Vice-Chairman	X		
Patrice Jean	2021	2022	Member		X	X
Paolo Galfetti	2021	2022	Member		X	X

Post reporting date, Michelle Lock was elected as a new member of the Board at the Extraordinary General Meeting held on January 28, 2022, for a term of office extending until completion of the 2022 Annual General Meeting.

7.1 DIRECTORS' EDUCATION AND PROFESSIONAL BACKGROUND

Dr. Raghuram Selvaraju, Swiss national, born in 1978, Chairman of the Board.
Currently, Dr. Selvaraju is a Managing Director of Equity Research at H.C. Wainwright & Company, Inc., whose research focuses on the healthcare sector. He has over 17 years of experience on Wall Street and previously was a pharmaceutical researcher at Serono S.A., in Switzerland, during which time, he became the youngest-ever recipient of the Serono Pharmaceutical Research Institute's Inventorship Award for exceptional innovation and creativity. In addition, Dr. Selvaraju has appeared numerous times on Bloomberg, CNBC, Business News Network and BTV, where he has discussed drug development trends, healthcare reform policy, and pharma and biotech M&A. Prior to joining H.C. Wainwright & Company, Inc., he held senior research positions at MLV & Co., Aegis Capital Corp., Hapoalim Securities U.S.A. and Rodman & Renshaw LLC. Dr. Selvaraju earned his Ph.D. in cellular immunology and molecular neuroscience and an M.S. in molecular biology from the University of Geneva in Switzerland, on the basis of his drug development research. He holds an MBA from the Cornell University accelerated one-year program for scientists and engineers. He has a B.S. in biological sciences and technical writing from Carnegie Mellon University. He currently does not hold, and has not held in the past, any management positions or significant business connections with the Company. Apart from his membership on the Board of the Company, he does not hold and has not held in the past any board of directors memberships.

Dr. Thomas Plitz, Swiss national, born in 1968.
Dr. Plitz most recently served as Chief Executive Officer of Chord Therapeutics SA, a privately held biopharmaceutical firm based in Geneva, Switzerland, which was acquired by Merck KGaA in January 2022, for an undisclosed amount. Prior to Chord, Dr. Plitz worked as Chief Scientific Officer of the rare disease company, Wilson Therapeutics, which was acquired for USD 855 million by Alexion Pharmaceuticals in April 2018. Dr. Plitz's previous assignments include senior roles at Serono, Merck, and Shire Pharmaceuticals, where he worked across multiple therapeutic areas including neuroinflammatory, metabolic, and rare diseases, completing more than two decades of experience in pharmaceutical R&D. He currently does not hold, and has not held in the past, any management positions or significant business connections with the Company. Dr. Plitz holds a Ph.D. from Technical University of Munich, Germany.

Dr. Patrice Jean, U.S. national, born in 1971.
Dr. Jean is the Chair of the Life Sciences Practice at Hughes Hubbard & Reed, an international law firm based in New York City. She has more than a decade of experience counselling and leading startup pharmaceutical, chemical and biotechnology companies in all areas of intellectual property law including asserting and defending patent rights underlying core technologies and innovations. Dr. Jean serves as Vice-President of the New York Intellectual Property Law Education Foundation and is a Board member of the New York Intellectual Property Law Association. She currently does not hold, and has not held in the past, any management positions or significant business connections with the Company. She holds a Ph.D. in molecular biology from Princeton University, a J.D. from Columbia University School of Law, and a B.A. in biochemistry from Xavier University.

Mr. Paolo Galfetti, Italian national, born in 1965.
Mr. Galfetti is the President of Relief Europe and the Chief Executive Officer of APR Applied Pharma Research SA. He has more than thirty years of management experience in the pharmaceutical sector including in the areas of business development and licensing, operational strategic management, clinical research and pharmaceutical discovery and development. Mr. Galfetti joined APR in 1995 as head of licensing and business development and was appointed Chief Executive Officer in 2002. Prior to joining APR, he was a founding partner, Chief Executive Officer and board member of the Institute for Pharmacokinetic and Analytical Studies AG (IPAS), a Swiss contract research organization, as well as Chief Executive Officer and board member of Farma Resa s.r.l., an Italian contract research organization. Mr. Galfetti is a Chartered Financial Analyst (CFA) and has a bachelor's degree in economics from the Commercial University Bocconi, Milan, Italy.

Ms. Michelle Lock, Australian and American national, born in 1968.
Ms. Lock is the Chief Operating Officer of Covis Pharma Group, a Switzerland-based global specialty pharmaceutical company that markets therapeutic solutions for patients with life-threatening conditions and chronic illnesses. Ms. Lock's broad biopharmaceutical industry experience spans nearly 30 years and includes leadership roles in commercialization across various therapeutic areas including oncology, hematology, cardiovascular and metabolic disease, liver disease, immunology, virology and neuroscience. Previously, Ms. Lock served as the Senior Vice President and Head of International organization at Acceleron Pharma Inc, a biopharmaceutical company dedicated to the discovery, development, and commercialization of therapeutics to treat serious and rare diseases. Before that, she was a consultant to biotechnology companies, providing leadership, guidance, and strategic support to managements seeking to establish or improve their international businesses based in Switzerland. Earlier, Ms. Lock was Senior Vice President & Head of International at Sage Therapeutics, a clinical-stage biopharmaceutical company committed to discovering, developing, and commercializing novel medicines to transform the lives of patients with life-altering central nervous system (CNS) disorders. During her career, Ms. Lock also spent 24 years with Bristol-Myers Squibb (BMS) in positions of increasing responsibility in sales, commercial, general management, regional leadership and business strategy. In her most recent role at BMS, she served as Vice President and General Manager for EU Country Clusters & Global Capabilities Hub leadership, Switzerland, driving the company's leadership efforts in immuno-oncology. She has served as Honorary Ambassador between Switzerland and the U.S. since 2018, as well is a past member of the board of directors of the Swiss American Chamber of Commerce and the Interpharma Switzerland Pharmaceutical Industry. She earned a degree in Science/Nursing at Royal Melbourne University, Australia and studied General Management and Internal General Management at CEDEP, France. She currently does not hold, and has not held in the past, any management positions or significant business connections with the Company.

7.2 OTHER ACTIVITIES AND VESTED INTERESTS

Other than described above, none of the Board members holds 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.

The number of permitted activities for Board members pursuant to art. 12 para. 1 no. 1 of the Ordinance against Excessive Compensation at Listed Joint-Stock Companies ("OaEC") is set forth in art. 26 paras. 1, 3, 4 of the Articles.

7.3 ELECTIONS AND TERMS OF OFFICE

The Articles provide for a Board consisting of at least one member. Members are appointed and discharged by shareholders' resolution. Their term of office is until the completion of the next annual shareholders' meeting, unless they resign during their term. Re-election is allowed. The Chairman of the Board is also appointed by shareholders' resolution. Members are elected or re-elected individually.

There are no rules in the Articles that differ from the statutory legal provisions with regard to the appointment of the Chairman, the members of the Company's Nomination and Compensation Committee or the independent proxy.

7.4 INTERNAL ORGANIZATION

The Board is self-constituting (except for the election of the chairman and the members of the NCC by the general meeting) and determines the Company's internal organization based on the Organizational Regulations. The Chairman convenes meetings as often as the Company's affairs require and presides (or in his absence the Vice-Chairman) over the Board meetings. Each Board member is entitled to request to the Chairman, in writing, a meeting of the Board by indicating the grounds for such a request. The Chairman decides on the agenda items and motions. Every Director is entitled to request to the Chairman, in writing, the inclusion of a specific agenda item by indicating the grounds for such a request.

To pass a valid resolution, the majority of the Board members have to attend the meeting. Meetings may also be held by telephone or video conference, to which all the Board members are invited. No quorum is required, in particular, for confirmatory resolutions and adaptations of the Articles in connection with capital increases. The Board passes its resolutions by way of simple majority. The members of the Board may only vote in person, not by proxy. In the event of a tie vote, the Chairman has the deciding vote. The resolutions are confirmed in the minutes which are signed by the acting Chairman and the designated Secretary.

The Revised Articles provide that resolutions of the Board can, as far as not stated otherwise by law, be adopted by circular, using fax, conventional e-mail or other means of transmission which allow for a verification of the resolution through text, unless a member demands verbal consultation.

The Board has established the following permanent committees to further strengthen the corporate governance structure of the Company. Committee memberships are set out in the table at the beginning of section 7 of this report.

Audit and Finance Committee (AFC): The AFC advises the Board in the performance of its supervisory duties. In particular, the AFC reviews the financial reporting to shareholders and the general public as well as the relationship with the external auditors; satisfies itself that the Company's financial risk management and the Company's internal controls are of an appropriate standard; ensures that its activities are consistent and compliant with the Organizational Regulations; assesses adherence to the relevant 'best practice' corporate governance provisions, to the extent such practice has effect on the activities and the functions of the AFC; satisfies itself that the Company's overall fraud prevention procedures are of an appropriate standard and ensures that appropriate procedures to enable employees to confidentially and anonymously submit their concerns regarding accounting, internal controls or auditing matters are in place.

Nomination and Compensation Committee (NCC): The NCC advises the Board in the performance of its supervisory duties related to nomination and compensation matters. It is responsible for ensuring the best possible leadership and management of the Company and for determining compensation policies, including share-based incentive programs, for the Company's top management and Board.

Corporate Governance Committee (CGC): The CGC advises the Board on all matters of corporate governance. It is responsible for carrying out in-depth analysis of specific corporate governance-related matters and monitors compliance with corporate governance principles and policies.

7.5 MODUS OPERANDI OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

As a rule, the Board meets as often as the business requires. In 2021, the Board conducted twenty-three meetings by videoconference with an average duration of one hour. The NCC, composed of two members since the Annual General Meeting held on June 18, 2021, attended all Board meetings during 2021 and, when required, prepared and issued recommendations pertaining to nomination and compensation matters. The AFC and CGC, composed of two members since June 22, 2021, attended all Board meetings during 2021 and, when required, prepared and issued recommendations pertaining to audit, finance or governance matters.

Areas of responsibility

The Board is entrusted with the ultimate direction of the Company and supervision of the Executive Committee (see section 8 below). The Board's non-transferable and inalienable duties include the duty to: (i) ultimately manage the Company and issue any necessary directives; (ii) determine the organizational structure of the Company; (iii) organize the accounting system and financial controls and approve financial plans; (iv) appoint, recall and supervise the persons entrusted with the management and representation of the Company; (v) prepare the annual report and the shareholders' meeting, carrying out shareholders' meeting resolutions; (vi) notify to the court in case the Company is overindebted; and (vii) prepare the compensation report.

The Board has entrusted the execution of its defined strategies and the day-to-day management of the Company and the Group to the Executive Committee, which is responsible for the overall management of the Group, in accordance with the Articles and pursuant to the areas of responsibility as detailed in the Organizational Regulations.

Information and control instruments with respect to the Executive Committee

The Board receives regular management reports providing updates on the status of finance, business and development activities of the Group as required by the situation, but at least on a monthly basis. In addition, members of the Board and the Executive Committee hold strategic discussions on the current course of business and all significant issues and transactions as soon as they arise. External experts regularly participate in discussions pertaining to regulation and development activities.

Board members also have the opportunity to talk to the members of the Executive Committee to oversee the Company's business and processes. Each Board member is entitled to request and receive information on all matters of the Company and the Group.

The Company has an insider trading policy, a code of business conduct and ethics, an anti-bribery and anti-corruption policy, a compliance policy on interactions with healthcare professionals and other written set of rules approved by the Board and with which members of the Executive Committee and employees must comply. Further, while the Company has no internal audit function, the Board receives a written report from the independent auditors on the audit results, which includes any findings with respect to internal control risks arising as a result of the audit procedures.

7.6 COMPENSATION, SHAREHOLDINGS AND LOANS

An extensive description of the compensation system and the amounts paid to members of the Board and Executive Committee is available in the Compensation Report.

8 EXECUTIVE COMMITTEE

The Executive Committee, under the direction and control of the Board, conducts the operational management of the Group pursuant to the Company's Organizational Regulations. The members of the Executive Committee are appointed by the Board upon proposal by the NCC.

The Executive Committee is responsible for the implementation of the decisions made by the Board and the Board committees. It prepares business plans for the Board's decisions; approves material contracts and allocates financial, personnel and other resources within the Group, as well as supervises senior management. The Executive Committee meets as often as required, together with the senior management. The meetings usually cover in particular the following topics: licensing activities related to development programs, clinical research, business development, resource allocation, competitive situations and trends in the economic environment, corporate affairs (including important contracts), public and investor relations, human resources, legal and compliance. During the Board and Board committee meetings, the members of the Executive Committee report, whenever required.

8.1 MEMBERS OF THE EXECUTIVE COMMITTEE

As of December 31, 2021, the Executive Committee was comprised of the following members:

- Paolo Galfetti, President of Relief Europe, from July 2021
- Jack Weinstein, Chief Financial Officer, from October 2020
- Nermeen Varawalla, M.D., Chief Medical Officer, from December 2021
- Marco Marotta, Chief Business Officer, from December 2021
- Jeremy Meinen, VP Finance and Administration and Chief Accounting Officer, from December 2021

Gilles Della Corte, Relief's Chief Medical Officer from September 2020 to December 2021, Chris Stijnen, Relief's Chief Commercial Officer from December 2020 to November 2021, and Taneli Jouhikainen, Relief's Chief Operating Officer from June 2021 to November 2021, were members of the Executive Committee in 2021. Mr. Della Corte's and Mr. Stijnen's biographies are included in the Relief's 2020 Annual Report accessible on the Company's website.

Paolo Galfetti, President of Relief Europe, Italian national, born in 1965.
See biographical information in section 7.1 above.

Jack Weinstein, Chief Financial Officer, U.S. national, born in 1956.
Jack Weinstein joined Relief in October 2020 as its U.S.-based Chief Financial Officer and Treasurer. As a full-time employee for the Company, he brings more than 35 years of wide-ranging executive management expertise, including as a chief financial officer, investment banker and consultant in the biopharmaceutical and life sciences industries. Mr. Weinstein has extensive experience in finance and healthcare investment banking, corporate and business development, as well as FDA regulatory and intellectual property strategies. He has successfully completed a variety of corporate finance transactions including public and private financings, as well as merger and acquisition transactions. From June 2021 to February 2022, Mr. Weinstein served as the chairman of the board of directors of Lutris Pharma, a privately-held biotechnology company based in Tel Aviv, Israel. Before joining the Company, Mr. Weinstein served as Managing Director and Head of Healthcare Investment Banking and currently serves as Senior Advisor at Avalon Net Worth, an independent New York-based boutique investment bank. Prior to Avalon, he was Chief Financial Officer, Treasurer and Vice President of Business Development at Catalyst Pharmaceuticals, Inc. (Nasdaq: CPRX), a biopharmaceutical company developing prescription pharmaceutical products to treat orphan diseases. He eventually took the company public through an IPO on the Nasdaq Global Market. He also was President and Founder of The Sterlington Group, Inc., a consulting firm providing strategic, business development, regulatory and "CFO" consulting services, including M&A advisory and raising equity and debt for middle-market companies. Adding to his credentials, Mr. Weinstein gained experience at several other investment banking and consulting firms. Mr. Weinstein holds an MBA from Harvard University School of Business Administration.

Nermeen Varawalla, M.D., Chief Medical Officer, British national, born in 1961.
Dr. Varawalla joined Relief as Chief Medical Officer in December 2021. Prior to joining Relief, Dr. Varawalla served as Chief Medical Officer and Head of Clinical Development with Atlantic Healthcare plc, a specialist pharmaceutical company with late-stage clinical assets for inflammatory bowel disease and gastrointestinal dysmotility in rare diseases. Before that, Dr. Varawalla was Managing Director of Clinstrat Ltd., a life science and business consultancy, where, among other projects, she worked with private equity firms to develop the investment thesis and business plan for the buy-out of BTG plc's specialty pharmaceutical business unit, valued at approximately $1 billion. Before that, Dr. Varawalla was Senior Vice President and Head of Clinical Development at BTG International plc, where she led a global team responsible for clinical development of the company's product portfolio across both pharmaceutical and medical device business units before it was acquired by Boston Scientific for $4.4 billion in 2019. Earlier, Dr. Varawalla was Chief Medical Officer at Accord Healthcare UK, an international division of Intas Pharmaceuticals and Executive Vice President of Lambda Therapeutic Research, Intas' full-service contract research organization. She began her career as a physician in obstetrics and gynecology at KEM Group of University Hospitals, Mumbai before continuing her specialist training at NHS University Hospitals in the United Kingdom. She is the current President of the INSEAD UK Alumni Association and is presently Chair, Medical Advisory Group, Atorvia Health Technologies and a member of the International Advisory Council of the Oxford India Centre for Sustainable Development. Dr. Varawalla received her MBBS (Bachelor of Medicine and Bachelor of Surgery) and M.D. degree from the University of Mumbai, her Ph.D. from the University of Oxford where she was a Rhodes Research Fellow, and her MBA from INSEAD.

Marco Marotta, Chief Business Officer, Italian national, born in 1985.
Mr. Marotta joined Relief as Chief Business Officer in December 2021, in conjunction with the Company's acquisition of APR, for which he had served as Corporate Director, Business Development and Licensing. Mr. Marotta joined APR in January 2015, where he was initially responsible for reshaping and optimizing APR's end-to-end supply chain process, after which he joined the licensing and business development department, establishing and consolidating APR's presence in emerging markets like the Asia-Pacific and Latin American regions. Beginning in 2019, Mr. Marotta led APR's Business Development as a director, with responsibility of out-licensing proprietary products, worldwide, divesting non-strategic assets and maximizing monetization as well as merging APR's business with Relief. Mr. Marotta received a Master of Science in Engineering from the University Federico II in Napoli and an Executive MBA from Commercial University Bocconi in Milan.

Jeremy Meinen, VP Finance and Administration and Chief Accounting Officer, Swiss national, born in 1989.
Mr. Meinen has been Relief's Vice President Finance and Administration since October 2020 and its Chief Accounting Officer since December 2021. He joined Relief as ad-interim Chief Financial Officer in April 2020. Prior to joining Relief, Mr. Meinen provided financial consulting, controller and auditing services to companies in various industries. He began his career at an international audit firm, where he held positions of increasing responsibility and scope over more than six years. Mr. Meinen holds a Master of Science in finance from Bocconi University in Milan and a B.A. degree in Business Administration from the University of Geneva. He is a Swiss certified public accountant and former licensed audit expert.

8.2 OTHER ACTIVITIES AND VESTED INTERESTS

None of the Executive Committee members 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, other than positions listed in section 8.1.

The number of permitted activities for members of the Executive Committee pursuant to art. 12 para. 1 no. 1 of the OaEC is set forth in art. 26 paras. 2-4 of the Articles.

8.3 MANAGEMENT CONTRACTS

The Company generally enters into employment agreements with members of the Executive Committee for an indefinite term. In 2021, the Company also contracted certain members of the Executive Committee under consulting agreements. Management services were provided by the respective members and the corresponding remuneration is disclosed in the Company's Compensation Report. As of December 31, 2021, all members of the Executive Committee held full-time employment agreements with an indefinite term.

There are no other management contracts in place between the Group and third parties.

9 SHAREHOLDER PARTICIPATION AND VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

One Relief share registered as a share with voting rights in the share register (except for treasury shares) carries one vote at the shareholders' meeting. Except of the cases described under Section 6 there are no voting right restrictions limiting the Company's shareholders voting rights.

Pursuant to art. 13 para. 3 of the Articles, the Board may issue the procedural rules regarding admission to the general meeting, representation and the recognition of the proxies, as well as the grant of proxies and instructions, by electronic means. As of December 31, 2021, the Board had not issued such procedural rules.

Pursuant to the Revised Articles, a shareholder may be represented at any shareholders' meeting by his legal representative (who does not have to be a shareholder), or, by means of a written or electronic proxy, another shareholder with voting rights, or the independent proxy (by way of a written or electronic proxy). All shares held by one shareholder must be represented by only one representative.

Statutory quorum

There are no provisions in the Articles on quorums differing from the applicable legal provisions.

Convocation of the general meeting of shareholders

There are no provisions in the Articles on the convocation of the shareholders' meeting differing from the applicable legal provisions.

Agenda rules

The Board decides on the agenda of the shareholders' meeting. Shareholders with voting rights representing either alone or together at least 10% of the Company's share capital or shares with an aggregate nominal value of at least CHF 1'000'000, may, up to 45 days before the date of the meeting, demand that items be included in the agenda. Such requests must be in writing and must specify the agenda items and the shareholders' proposals.

Registrations in the share register

Shareholders entered in the share register as shareholders with voting rights on a specific qualifying day designated by the Board (record date), which is usually more than five business days before the annual shareholders' meeting, are entitled to attend the shareholders' meeting and to exercise their voting rights at such a meeting.

10 SHAREHOLDERS' DIVIDEND RIGHTS

Since its inception, the Company has paid no dividends or other distributions and does not anticipate paying dividends or other distributions in the foreseeable future.

In order for the Company to declare and pay distributions, such distribution must be approved by shareholders holding an absolute majority of the shares represented at the general meeting of shareholders. Ordinary dividends may be paid only if the Company has sufficient distributable profits from previous years or freely distributable reserves to allow the distribution of a dividend, in each case, as presented on the balance sheet.

11 CHANGES OF CONTROL AND DEFENSE MEASURES

Swiss law provides for the possibility to have the Articles contain a provision which would eliminate the obligation of an acquirer of shares, exceeding the threshold of 33 1/3% of the voting rights (whether exercisable or not), to proceed with a public tender offer to acquire 100% of the listed equity securities of the Company ("opting-out provision").

The Articles contain such opting out provision. Therefore, anyone who directly, indirectly or acting in concert with third parties acquires shares in the Company and exceeds the threshold of 33 1/3% of the voting rights of the Company, is not obliged to make a public tender offer to purchase the remaining shares of the Company.

No change of control clauses exist in the agreements with members of the Board, of the Executive Committee or of the management of the Company. However, a change of control clause is included in the Company's Stock Option Plan 2021 and the legacy Equity Awards Program 2015, allowing for immediate vesting of non-vested options at the time of a change of control.

12 AUDITORS

12.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

Mazars SA was re-elected as group and statutory auditor of the Company at the Annual General Meeting held on June 18, 2021. The appointment is made on an annual basis. Mazars SA has served as auditor since May 30, 2017. The auditor in charge, since 2017, is Mr. Franck Paucod. The AFC ensures that the position of the lead auditor is changed at least every seven years.

12.2 AUDITING FEES AND ADDITIONAL FEES

The total auditing fee charged and accrued by Mazars SA for the twelve-month period ended December 31, 2021, was CHF 599'000 for audit services. In addition, Mazars SA earned in 2021 fees of CHF 120'120 for non-auditing services in connection with tax advisory and due diligence services.

Audit services are defined as the audit work that needs to be performed each year by the statutory auditor in order to: (i) issue an opinion on the consolidated financial statements of the Company; (ii) issue audit reports on the statutory financial statements of the subsidiaries when required by law or by the Board; (iii) issue reports on financial statements of the Company or its subsidiaries when necessary to fulfill listing or regulatory requirements; and (iv) review documents filed with the U.S. stock exchange when containing an audit opinion report.

12.3 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Board performs its supervisory and control functions of the external auditors through the AFC. In particular, the AFC meets with the auditors during the audit process to discuss the audit procedures, any findings made and proposed recommendations. The primary objective of the AFC is to support the Board in monitoring the Company's Internal Control System, accounting principles and financial reporting. The AFC meets with the auditors at least twice a year: once to discuss the results of the completed year-end audit and once to discuss the scope of the upcoming year-end audit.

13 INFORMATION POLICY

Relief 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 approach. In doing so, the Company is able to increase awareness and understanding of its objectives, strategy and business activities. The Board follows policies to protect the Company's interests and assets, to release material information in a timely and controlled manner, and to observe rules and regulation of SIX and Swiss law.

The most important informational tools are ad hoc announcements and other news releases, the annual and semi-annual reports, the Swiss Official Gazette of Commerce publications and the Company's website (www.reliefthera peutics.com).

Investors and other parties interested in subscribing to the Company's news service may do so by registering at www.reliefthera peutics.com/news-and-events.

14 QUIET PERIODS

In order for Relief to comply with applicable law and the regulations of the SIX when disclosing material non-public information to the public, Relief sets Quiet Periods (as defined below) during which Relief shall not communicate any material non-public information to anyone except on a Confidential and Need-to-Know Basis (as defined below).

During defined periods preceding the public release of annual or interim financial results (each a "Quiet Period"), Relief shall not provide material non-public information to the investment community or the public in whatever form, or to employees or external advisors other than on a Confidential and Need-to-Know Basis.

In particular, there shall be no meetings with the press, financial analysts and/or investors, and no internal publications and announcements to staff on financial matters. If employees or external advisors have to be provided with material non-public information to perform their duties, they shall be made aware of the confidentiality and sensitivity of such information and be reminded of this policy.

As a general rule, a Quiet Period shall cover the period commencing at the close of business on the date that is two weeks before the end of any financial close of the Group and ends twenty-four hours following the public release of earnings date for such period. In addition, the Chief Financial Officer may declare a quiet period if, in the judgment of the Chief Financial Officer, material non-public information is available within the Group that would make transactions by insiders inappropriate. The Chief Financial Officer may determine that a different waiting period is appropriate with respect to particular Group disclosures based upon prevailing facts and circumstances.

Each Quiet Period shall be communicated to Relief's relevant staff in advance by the Chief Financial Officer.

For the purpose of this section, "Confidential and Need-to-Know Basis" means the disclosure of material non-public information to a small group of persons (i) of the Company's staff if such information is only made available on a confidential and "need to know" basis (whereby any communication made on the intranet or by similar means of electronic mass communication is not permitted) or (ii) outside the Group if such persons sign a confidentiality undertaking (including an undertaking not to trade in the relevant shares).

COMPENSATION REPORT

The compensation report sets out the compensation principles, the method of determination of compensation and the compensation awarded in 2021 to the members of the Board of Directors and of the Executive Committee of RELIEF THERAPEUTICS Holding SA.

The report is compiled in accordance with the provisions pursuant to the Ordinance against Excessive Compensation in listed companies and includes information required by the Directive on Information relating to Corporate Governance of the SIX Swiss Exchange.

1 COMPENSATION GOVERNANCE

1.1 Nomination and Compensation Committee

The Nomination and Compensation Committee (the "NCC") assists the Board of Directors in all nomination and compensation matters. As detailed in the Organizational Regulations of the Company, the NCC is responsible for ensuring the best possible leadership and management talent for the company and an appropriate compensation policy. In particular, the NCC is responsible for the following activities:

- identification of suitable candidates for positions on the Board of Directors and on the Executive Committee;
- recommendation and proposal of compensation principles and programs, including share-based incentive programs;
- recommendation and proposal of the compensation for the members of the Board of Directors and Executive Committee;
- recommendation and proposal of specific compensation packages for the Board, the CEO (if any), the Executive Committee and for further members of the key management.

The decision-making authority for compensation matters is summarized in the table below:

Levels of authority

	CEO*	NCC	Board	AGM
Compensation policy including share-based plans		proposes	approves	
Aggregate compensation of the Board of Directors		proposes	reviews	approves
Individual remuneration of the Board members		proposes	approves	
Aggregate compensation of the Executive Committee		proposes	reviews	approves
Individual compensation of the CEO		proposes	approves	
Individual compensation of Executive Committee members	proposes	reviews	approves	
Compensation report		proposes	approves	

*In the absence of a CEO, the authority ascribed to the CEO is transferred to the NCC ***ad interim*** until a CEO is appointed.

The NCC consists of a minimum of one member of the Board of Directors. The members of the NCC are elected individually and annually by the Annual General Meeting (AGM) for the period until the following AGM. At the AGM 2021, Thomas Plitz (NCC Chairman) and Raghuram Selvaraju were elected members of the NCC.

The NCC meets as often as the business requires, but at least once a year. The NCC Chairman may invite the Chairman of the Board, the CEO or other members of the Executive Committee to join the meeting in an advisory capacity. However, the executives do not take part in the meeting, or parts of meeting, during which their own compensation is discussed. The NCC Chairman reports to the Board of Directors on the activities of the committee after each meeting. The NCC may retain external advisors to obtain support in fulfilling its duties.

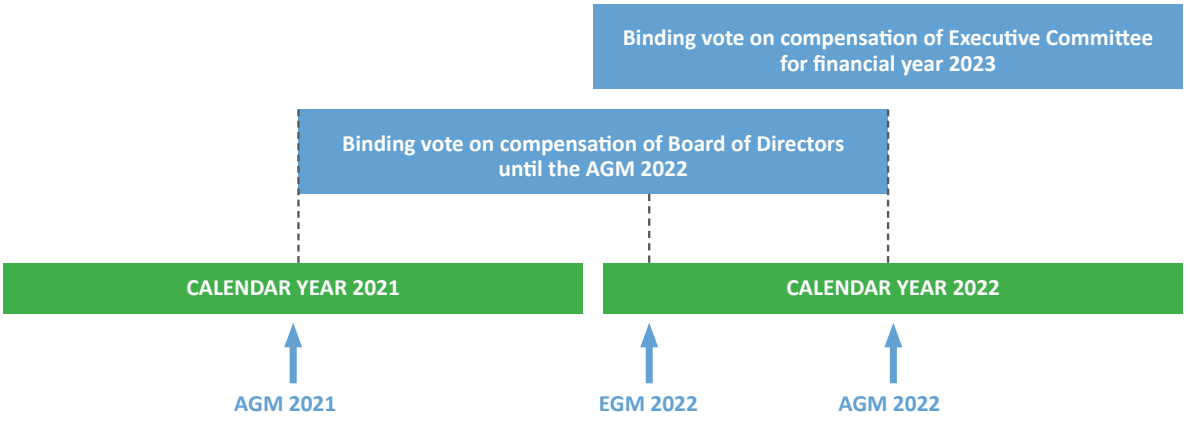
1.2 Role of shareholders: say-on-pay vote

In line with the requirements of the Ordinance, the Company's Articles of Association and the Organizational Regulations include provisions on the following governance and compensation-related matters:

- principles of the duties and responsibilities of the NCC;
- number of permissible mandates in the supreme governing bodies of other legal entities;
- terms of employment contracts and maximum notice period for members of the Executive Committee;
- principles of compensation applicable to the Board of Directors and Executive Committee;
- shareholders' binding vote on compensation of the Board of Directors and Executive Committee;
- additional amount for members of the Executive Committee hired after the vote on compensation by the AGM;
- loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Executive Committee.

Say-on-pay vote structure

At the AGM 2022, a binding vote on the compensation amount of the Board of Directors and Executive Committee will be conducted (say-on-pay vote). The AGM will vote on the maximum compensation amount of the Board of Directors for the period of office until the following AGM and on the maximum compensation amount of the Executive Committee for the next financial year. The prospective voting structure provides the Company and its executives with the necessary level of planning certainty to operate efficiently.



The Extraordinary General Meeting (EGM) held on January 28, 2022, approved a maximum amount of CHF 2'500'000 for the members of the Board of Directors for the period from the AGM 2021 to the AGM 2022. The AGM 2021 had previously accepted a maximum amount of CHF 1'500'000. The maximum compensation amount of the Executive Committee for the financial year 2022 was approved by the AGM 2021.

1.3 Method of determination of compensation

Based on the recommendation of the NCC, the Board of Directors decides on the compensation of the Board of Directors and Executive Committee at its own discretion, which is ultimately approved by the AGM. When preparing the compensation proposals, the NCC takes the following factors into consideration:

- affordability and overall situation of the Company;
- business financial results and individual performance;
- level of compensation paid by other companies that are deemed to be comparable in terms of industry (where they compete for talent) and complexity (defined by their size and geographic scope).

The compensation of the Board of Directors and Executive Committee is reviewed annually on the basis of those factors; however, the review does not necessarily lead to any adjustment.

2 COMPENSATION OF THE BOARD OF DIRECTORS

2.1 Principles and compensation architecture

The compensation of the Board of Directors is determined based on discretionary economic considerations and may be delivered in cash and in the form of stock options.

The compensation in cash is generally paid on a fixed monthly basis. The Board of Directors may also elect to grant options to one or several of its members at its own discretion during the year. The compensation of the Board of Directors is subject to regular social security contributions and is not pensionable.

2.2 Compensation awarded to the Board of Directors

This section is audited in accordance with Article 17 of the Ordinance.

The disclosure of compensation below includes all forms of compensation given by the Company in exchange for services rendered by the members of the Board of Directors.

Compensation of the Board of Directors for the 2021 and 2020 calendar years, in CHF

Board of Directors	Cash Fee 2021	Cash Fee 2020	Options [1] 2021	Options [1] 2020	Total [2] 2021	Total [2] 2020
Raghuram Selvaraju Chairman since 25 May 2016	475'000	-	248'470	418'548	**723'470**	**418'548**
Thomas Plitz Member since 17 December 2020	125'000	-	266'103	-	**391'103**	**-**
Patrice Jean Member since 18 June 2021	76'998	-	16'330	-	**93'329**	**-**
Paolo Galfetti [3] Member since 18 June 2021	79'722	-	-	-	**79'722**	**-**
Michelle Lock Member since 28 January 2022	-	-	-	-	**-**	**-**
Thomaz Burckhardt Member till 8 February 2021	7'500	127'500	-	253'340	**7'500**	**380'840**
Peter de Svastich Member till 17 December 2020	-	-	-	308'403	**-**	**308'403**
Total Board of Directors	**764'220**	**127'500**	**530'903**	**980'291**	**1'295'123**	**1'107'791**

[1] Reflects the value of share-based payments in accordance with IFRS 2 at grant date independently of the vesting schedule. Such stock option values are theoretical values at grant date and do not reflect taxable income nor realized income.
[2] Does not include the Company's mandatory contribution to social security of CHF 18'628 (2020: nil). In 2021, the Company did not incur any social security costs in relation with options exercised by former members of the Board (2020: CHF 102'186).
[3] As President of Relief Europe and CEO of APR, Mr. Galfetti received a remuneration of CHF 226'090 in cash (including pension contribution) and CHF 655'801 in options for the period from the date the Company acquired APR to year-end 2021. His executive compensation is reported in the compensation table of the Executive Committee in section 3.2.

The figures in the table above cover the 2021 calendar year, as required by Swiss law. They differ from the period authorized by the AGM, which runs from AGM to AGM (the "Authorization Period"). Differences between calendar years and Authorization periods are shown in the tables below.

During the current Authorization Period, members of the Board of Directors are expected to earn a total compensation of CHF 1'189'438. This is within the limit of CHF 2'500'000 approved by the EGM 2022.

	Calendar year 2021		Authorization Period 2022/2021		
Compensation (CHF)	**Period**	**Amount**	**Period**	**Amount [1]**	**Approved**
Cash Fee	January 2021 - December 2021	764'220	July 2021- May 2022	924'637	
Options	January 2021 - December 2021	530'903	July 2021- May 2022	264'800	
Total		**1'295'123**		**1'189'438**	**2'500'000**

[1] As this period is not yet ended as of the publication date of this report, the amount includes actual to date and an estimate of the compensation to be earned over the remaining period until the expected date of the AGM 2022.

	Calendar year 2020		Authorization Period 2021/2020		
Compensation (CHF)	**Period**	**Amount**	**Period**	**Amount**	**Approved**
Cash Fee	January 2020 - December 2020	127'500	July 2020- June 2021	209'167	
Options	January 2020 - December 2020	980'291	July 2020- June 2021	1'191'313	
Total		**1'107'791**		**1'400'480**	**1'500'000**

In 2021, no compensation was granted to former members of the Board of Directors or related parties.

3 COMPENSATION OF THE EXECUTIVE COMMITTEE

3.1 Principles and compensation architecture

The compensation principles are aligned with the Company's strategy of becoming profitable by generating new business and increasing revenue. The compensation principles are:

- balance between competitiveness and affordability: within the Company's financial ability, compensation levels are competitive and aligned with market practice for similar functions in comparable companies;
- pay for performance: part of compensation is directly linked to the performance of the business and to the achievement of individual objectives; and
- alignment with shareholders' interests: part of compensation is delivered in the form of stock option and thus is directly tied to the Company's long-term share performance.

The compensation of the Executive Committee consists of a fixed base salary, possibly a performance-based cash bonus, a grant of share options, and benefits.

Compensation model of Executive Committee

	VEHICLE	PURPOSE	DRIVERS	PERFORMANCE
Fixed base salary	Monthly cash	Attract and retain	Market practice	–
Performance bonus	Cash bonus	Pay for performance	Business and individual performance	Company´s profitability, individual performance
Employee Participation Program	Share options	Align to shareholders´ interests	Level of the role	Share price
Benefits	Pension/insurance plans	Protect against risk	Market practice	–

Fixed base salary: The fixed base salary pays for the function and depends on the company's financial ability, the market value of the function and the profile of the individual in terms of qualifications and skill set.

Performance bonus: The performance bonus rewards the profitability of the business and the achievement of individual objectives over a period of one year. The target performance bonus is expressed as a percentage of fixed base salary. When the Company is profitable or at the discretion of the Board of Directors and the NCC, decision to grant a bonus may be taken. The bonus amount effectively paid out is then determined by the Board of Directors, based upon the proposal of the NCC. The performance bonus is paid in cash or options, usually at the end of the financial year.

Employee participation program: The employee participation program provides an incentive for management to make significant contributions towards the long-term success of the Company and aligns their interests to those of the shareholders. The Board of Directors determines the individual allocation of stock options at its own discretion, taking into account the level of the role and economic considerations. For reporting purpose, the value of the options is calculated according to the Black Scholes valuation model.

Benefits: Members of the Executive Committee participate in the regular pension and retirement plans applicable to all employees in their country of employment. The provisions of those pension and retirement plans are in line with local regulations and prevailing market practice. Further, the members of the Executive Committee may be entitled to benefits in kind, in line with local market practice, such as a company car or other benefits.

Contractual provisions: The employment contracts of members of the Executive Committee may be concluded for a definite or indefinite period. The duration of definite employment contracts shall not exceed one year; renewal is possible. The termination notice period of indefinite employment contracts may not exceed 12 months. The Company may enter into non-compete agreements with members of the Executive Committee for the time after termination of the employment agreement. Any non-compete provision for the period after termination of employment shall not exceed one year with the maximum compensation for such period not exceeding the last annual compensation. The employment contracts do not contain any agreement on severance payments.

3.2 Compensation awarded to the Executive Committee

This section is audited in accordance with Article 17 of the Ordinance.

The disclosure of compensation includes all forms of compensation given by the Company in exchange for services rendered by the members of the Executive Committee. A comprehensive list of the members of the Executive Committee in 2021 is provided in the Governance Report.

Compensation of the Executive Committee in 2021 and 2020

Year 2021, in CHF	Fixed compensation	Cash bonus	Pension benefits	Options [2]	Total 2021 [3]
Total Executive Committee[1]	**1'763'451**	**231'240**	**30'151**	**1'947'634**	**3'972'476**

[1] The highest paid member of the Executive Committee in 2021 was the Chief Financial Officer, Jack Weinstein, who received CHF 460'614 of fixed compensation, CHF 175'000 of variable cash compensation and CHF 1'096'779 of options.

[2] Reflects the value of share-based payments in accordance with IFRS 2 at grant date independently of the vesting schedule. Such stock option values are theoretical values at grant date and do not reflect taxable income nor realized income.

[3] Does not include the Company's mandatory contribution to social security of CHF 82'953.

Year 2020, in CHF	Fixed compensation	Cash bonus	Pension benefits	Options [2]	Total 2020 [3]
Total Executive Committee[1]	**442'316**	**-**	**-**	**26'016**	**468'332**

[1] The highest paid member of the Executive Committee in 2020 was the Chief Medical Officer, Gilles Della Corte, who received CHF 99'537 of fixed compensation for the period from September to December 2020.

[2] Reflects the value of share-based payments in accordance with IFRS 2 at grant date independently of the vesting schedule. Such stock option values are theoretical values at grant date and do not reflect taxable income nor realized income.

[3] Does not include the Company's mandatory contribution to social security of CHF 5'691.

During the financial year 2021, remuneration of the Executive Committee amounted to CHF 3'972'476. This was within the limit of CHF 5'000'000 approved by the AGM 2021.

In 2021, the Company did not issue any payment to former members of the Executive Committee. However, former members of the Executive Committee have exercised options granted in previous years, which resulted in an obligation for the Company to pay employer's mandatory contribution to social security of CHF 94'755.

4 LOANS TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

In 2021 and 2020, no member of the Board of Directors or Executive Committee received any loans from the Company.

Details on shareholdings of the members of the Board of Directors and Executive Committee are in note 11 of the statutory financial statements.

mazars

RELIEF THERAPEUTICS Holding SA
Geneva

Statutory Auditor's Report
Compensation report
December 31, 2021

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Report of the Statutory Auditor to the General Meeting of RELIEF THERAPEUTICS Holding SA, Geneva

We have audited the accompanying compensation report of RELIEF THERAPEUTICS Holding SA for the year ended December 31, 2021. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" in section 2.2 on page 51, in sections 3.2 and 4 on pages 53 to 54 of the compensation report.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock-Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

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

Opinion

In our opinion, the compensation report for the year ended December 31, 2021 of RELIEF THERAPEUTICS Holding SA complies with Swiss law and articles 14 – 16 of the Ordinance.

MAZARS SA

/s/ Franck Paucod

Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

/s/ Yoann Bois

Yoann Bois
Licensed Audit Expert

Geneva, March 30, 2022

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended December 31, 2021

CONSOLIDATED BALANCE SHEET

in CHF thousands	Notes	December 31, 2021	December 31, 2020
ASSETS			
Intangible assets	9	192'299	30'800
Right-of-use assets	10	2'498	-
Property and equipment		38	-
Non-current financial assets	11	-	392
Other non-current assets		76	-
Deferred tax assets	34	1'737	-
Non-current assets		**196'648**	**31'192**
Inventories	12	391	-
Trade receivables	13	1'302	-
Other current financial assets	14	-	185
Other current assets	15	8'516	3'514
Restricted cash	16	-	5'093
Cash and cash equivalents	17	44'761	38'061
Current assets		**54'970**	**46'853**
Total assets		**251'618**	**78'045**
EQUITY AND LIABILITIES			
Share capital	18	44'133	32'467
Reserves	19	210'147	69'774
Treasury shares	18	(2'999)	-
Accumulated losses		(69'751)	(35'198)
Equity		**181'530**	**67'043**
Non-current lease liabilities	10	2'192	-
Non-current borrowings	20	396	-
Defined benefit obligations	21	2'793	-
Provisions	22	19'470	-
Deferred tax liabilities	34	25'504	4'309
Non-current liabilities		**50'355**	**4'309**
Current lease liabilities	10	331	-
Current borrowings	20	95	-
Trade payables		1'700	1'432
Financial liabilities due to third parties	23	-	891
Financial liabilities due to related parties	24	1'250	-
Provisions	22	12'083	-
Other current payables and liabilities	25	4'274	4'370
Current liabilities		**19'733**	**6'693**
Total equity and liabilities		**251'618**	**78'045**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

in CHF thousands	Notes	2021	2020
Revenue	6	3'321	-
Other gains	26	1'171	273
Total income		**4'492**	**273**
Raw materials and consumables expense	27	(750)	-
External selling and distribution expense	27	(365)	-
External research and development expense	28	(19'024)	(13'672)
Personnel expense	29	(9'121)	(2'627)
Other administrative expense	30	(6'750)	(2'999)
Other losses	31	(752)	(1'260)
EBITDA		**(32'270)**	**(20'285)**
Reversal of impairment losses on intangible assets	9	-	11'200
Amortization and depreciation expense	32	(2'036)	-
Operating result		**(34'306)**	**(9'085)**
Gain from disposal of a subsidiary	8	-	3'382
Financial income	33	97	7
Financial expense	33	(1'316)	(565)
Net result before taxes		**(35'525)**	**(6'261)**
Income taxes	34	820	(1'567)
Net result for the period		**(34'705)**	**(7'828)**
OTHER COMPREHENSIVE INCOME			
Remeasurement of defined benefit obligation	21	152	136
Total items that will not be reclassified subsequently to profit or loss		**152**	**136**
Currency translation differences	19	255	3
Total items that may be reclassified subsequently to profit or loss		**255**	**3**
Total other comprehensive income for the year, net of tax		**407**	**139**
Total comprehensive result for the period		**(34'298)**	**(7'689)**
EARNINGS PER SHARE			
Basic and diluted loss per share (in CHF)	36	(0.010)	(0.003)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in CHF thousands	Notes	2021	2020
Net loss for the period		(34'705)	(7'828)
Adjustments for:			
Taxes charged	34.1	(820)	1'567
Reversal of impairment	9	-	(11'200)
Depreciation and amortisation expense	32	2'036	-
Losses on financial assets at fair value through profit or loss	14	54	1'195
Gain on disposal of subsidiary	8	-	(3'382)
Gain on loan forgiveness	26	(890)	(104)
Impairment of receivables due from third parties		470	50
Finance expenses	33	1'316	713
Finance income	33	(97)	(155)
Interest expenses paid		(260)	(143)
Loss on disposal of property and equipment		3	-
Change in defined benefit obligation	21	1'266	-
Share-based payment expenses	35	1'143	1'048
Changes in working capital:			
(Increase) in inventories		(111)	-
(Increase) in trade receivables		(208)	-
(Increase) in other assets		(2'585)	(3'874)
(Decrease)/increase in trade payables		(823)	1'160
(Decrease) in financial liabilities due to third parties		-	(654)
(Decrease) in financial liabilities due to related parties		-	(20)
(Decrease)/increase in provisions		100	(58)
(Decrease)/increase in other payables and liabilities		(1'607)	3'474
(Decrease) in liabilities associated with assets held for sale		-	(43)
Cash flow from operating activities		**(35'718)**	**(18'254)**
Payments for intangible assets	9	(13'708)	-
Proceeds on sale of right-of-use assets		11	-
Net cash out flow on acquisition of subsidiary	7	(16'681)	-
Payments to acquired other financial assets		(23)	-
Proceeds on sale of other financial assets	14	132	3'262
Payments of loans to third parties		-	(241)
Net cash out flow on disposal of subsidiary	8	-	(16)
Interest received		7	-
Cash flow from investing activities		**(30'262)**	**3'005**
Proceeds from capital increase	18	76'088	58'334
Transaction costs in relation to capital increase	19	(2'848)	(634)
Proceeds from borrowings		-	500
Repayment of borrowings		(5'551)	-
Cash flow from financing activities		**67'689**	**58'200**
Net increase in cash and cash equivalents		**1'709**	**42'951**
Cash and cash equivalents at beginning of period		43'154	137
Exchange difference on cash and cash equivalents		(102)	66
Cash and cash equivalents at end of period		**44'761**	**43'154**
included in cash and cash equivalents	17	44'761	38'061
included in restricted cash	16	-	5'093

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF thousands	Notes	Share capital	Treasury shares	Reserves	Accumulated loss	Total equity
Balance at January 1, 2020		**21'139**	**-**	**20'665**	**(27'506)**	**14'298**
Result for the period		-	-	-	(7'828)	(7'828)
Other comprehensive income for the period		-	-	3	136	139
Total comprehensive result for the period		**-**	**-**	**3**	**(7'692)**	**(7'689)**
Capital increase	18	2'980	-	47'959	-	50'939
Exercise of warrants	18	7'667	-	46	-	7'713
Exercise of options	18	681	-	724	-	1'405
Share-based payments	35	-	-	1'048	-	1'048
Transaction cost in relation to capital increases	18	-	-	(634)	-	(634)
Recycling of foreign currency exchange reserve		-	-	(37)	-	(37)
Balance at December 31, 2020		**32'467**	**-**	**69'774**	**(35'198)**	**67'043**
Balance at January 1, 2021		**32'467**	**-**	**69'774**	**(35'198)**	**67'043**
Result for the period		-	-	-	(34'705)	(34'705)
Other comprehensive income for the period		-	-	255	152	407
Total comprehensive result for the period		**-**	**-**	**255**	**(34'553)**	**(34'298)**
Issuance of treasury shares	18	11'535	(11'535)	-	-	-
Direct Share Placement program	18	-	3'982	46'905	-	50'887
Private placements	18	-	1'129	23'871	-	25'000
Acquisition payments	7	-	3'425	70'977	-	74'402
Exercise of options	18	131	-	70	-	201
Share-based payments	35	-	-	1'143	-	1'143
Transaction cost in relation to capital increases	18	-	-	(2'848)	-	(2'848)
Balance at December 31, 2021		**44'133**	**(2'999)**	**210'147**	**(69'751)**	**181'530**

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

RELIEF THERAPEUTICS Holding SA ("Relief", the "Company" or the "Group") is a Swiss stock corporation domiciled at 15 Avenue de Sécheron, 1202 Geneva, Switzerland. The Company's shares are listed on the SIX Swiss Exchange ticker: RLF) and quoted in the U.S. on the OTCQB (ticker: RLFTF).

The Group historically focused on the development and commercialization of molecules with a history of clinical use and either initial human activity with efficacy data or a strong scientific rationale. On June 28, 2021, the Group acquired all outstanding shares of APR Applied Pharma Research SA ("APR"), a privately held Swiss pharmaceutical company specialized in identifying, developing and commercializing known molecules engineered with drug delivery systems in niche and rare diseases. This transaction has transformed Relief into a fully integrated commercial-stage biopharmaceutical Group employing over 50 persons. The acquisition further diversified Relief's pipeline and portfolio with both commercial products and clinical-stage programs, offered a commercial infrastructure in Europe and strengthened internal R&D capability to i) market services to third parties, particularly in the area of difficult-to-formulate products, ii) offer in-kind services with a chance to participate in future profits and iii) advance promising drug candidates that are developed internally.

These consolidated financial statements were approved for publication by the Board of Directors on March 30, 2022.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRS Standards and Interpretations

In the current year, the Group has applied the following new or amended Standards that became effective from January 1, 2021. The revised Standards did not have a material effect on these financial statements.

• 'Interest Rate Benchmark Reform' – amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

2.2 IFRS Standards and Interpretations issued and not yet adopted

Certain new accounting Standards and Interpretations have been issued that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group's overall results and financial position.

• Amendments to IAS 1,'Presentation of financial statements' on classification of liabilities; and
• Narrow-scope amendments to IFRS 3, IAS 16, IAS 8, IAS 12, IAS 37 and IFRS 16 and annual improvements on IFRS 9.

3. Summary of significant accounting policies

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with Swiss law. They have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value, are presented in Swiss Francs (CHF), and all values are rounded to the nearest thousand (TCHF), except when otherwise indicated.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of December 31, 2021 and 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- any contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Inter-company transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

3.3 Current versus non-current classification

The Group presents assets and liabilities in its statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- expected to be realized or intended to be sold or consumed in a normal operating cycle, which is twelve months;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle, which is twelve months;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.5 Revenue recognition

Relief may generate revenues from collaboration and license agreements under which Relief grants licenses to use, research, develop, manufacture and commercialize product candidates and products. Relief determined that those collaboration and license agreements qualify as contracts with its customers. If the grant of a license is bundled together with the rendering of services, it is assessed whether these agreements are comprised of more than one performance obligation. A performance obligation is only accounted for as the grant of a license if the grant of a license is the sole or the predominant promise of the performance obligation.

If the consideration in an agreement includes a variable amount, Relief estimates the amount of consideration to which Relief will be entitled in exchange for transferring the goods to the customer. At contract inception, the variable consideration is estimated based on the most likely amount of consideration expected from the transaction and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with respect the variable consideration is subsequently resolved. The estimated revenue is updated at each reporting date to reflect the current facts and circumstances.

If a contract with a customer contains more than one performance obligation, the transaction price is allocated to each performance obligation based on relative-stand-alone selling prices.

For each separate performance obligation, it is evaluated whether control is transferred either at a point in time or over time. For performance obligations that are satisfied over time, revenue is recognized based on a measure of progress, which depicts the performance in transferring control to the customer. Under the terms of its licensing arrangements, Relief provides the licensee with a research and development license, which represents a right to access Relief's intellectual property as it exists throughout the license period. Therefore, the promise to grant a license is accounted for as a performance obligation satisfied over time, as the licensee simultaneously receives and consumes the benefits of Relief's performance.

Earnings based on the collaboration partners' gross profit, which is shared under the respective collaboration agreements are recognized when the underlying sales occur, which is when the performance obligation has been satisfied. Relief uses certain information from its collaboration partners, some of which is based on preliminary data shared between the partners and might vary once final data is available.

Revenue arrangements that involve two or more partners who contribute to the provision of a specific good or service to a customer are assessed in terms of principal-agent considerations in order to determine the appropriate treatment for the transactions between Relief and the collaborator and the transactions between Relief and other third parties. The classification of transactions under such arrangements is determined based on the nature and contractual terms of the arrangement along with the nature of the operations of the participants. Any consideration related to activities in which Relief is considered the principal, which includes being in control of the good or service before such good or service is transferred to the customer, are accounted for as gross revenue. Any consideration related to activities in which Relief is considered the agent, are accounted for as net revenue.

Revenue from the sale of products is recognized when Relief transfers control of the product to the customer. Control of the product normally transfers when the customer gains physical possession and Relief has not retained any significant risks of ownership or future obligations with respect to the product. A receivable is recognized, as the consideration is unconditional and only the passage of time is required before payment is due. The transaction price is quoted in the relevant price lists in force at the date of customer placing the respective order for such products.

Revenue from research and development services provided by the Company is recorded as earned based on the performance requirements of the underlying contracts. Where agreements include milestones that are determined to be substantive and at risk at the inception of the agreement, revenue is recognized upon confirmation by the counterparty that the milestone has been achieved.

3.6 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The consolidated financial statements are presented in CHF, which is the presentation currency of the Company.

Transactions and balances

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not re-translated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Group companies

Assets and liabilities of Group entities using a functional currency different from the presentation currency are translated into the presentation currency using year-end rates of exchange. Income and expenses and cash flows are translated at average exchange rates. All resulting translation differences are recognized directly in other comprehensive income. On the divestment of a foreign entity, the identified cumulative currency translation difference relating to that foreign entity is recognized in profit or loss as part of the gain or loss on divestment.

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Amortization of capitalized in process research & development ("IPR&D") starts once the asset is available for use, which is usually the point in time at which marketing approval is granted by the relevant authority. Before that date, capitalized IPR&D that is not available for use is tested at least annually for impairment, irrespective of whether any indication of impairment exists.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

3.8 Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate for such liabilities.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense in the consolidated statements of operations on a straight-line basis over the lease term.

3.9 Financial assets

Classification

The Group has only financial assets classified within the categories, "financial assets at fair value through profit or loss (FVTPL)" and "financial assets at amortized cost." The classification at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's financial assets at amortized cost include other current assets and other receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's financial assets at fair value through profit or loss include publicly traded securities.

Recognition and measurement

Financial assets at amortized cost are measured initially at their fair value and are subsequently measured at amortized cost using the effective interest rate method and are subject to impairment.

A financial asset is derecognized when:

- the contractual rights to the cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. Fair value is determined in the manner described in note 37.3.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a twelve-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.10 Inventories

Raw materials and merchandise purchased are recognized at cost; semi-finished and finished goods at their production cost. Discounts are recognized as a reduction in the purchase price. Manufacturing costs include the associated direct production costs and production overheads, where applicable. If the acquisition or manufacturing costs are higher than the net market value, an impairment loss is recorded on the income statement in the current period to write the inventories down to the net market value (lower of cost or market principle). Net market value is equivalent to the current market price less the usual sales deductions, marketing costs and administrative costs yet to be incurred. Inventories that cannot be sold are written off in full. The costs of inventories are determined by using the FIFO method.

Inventory related to drug products that have not yet obtained regulatory approval are immediately written down to zero. The write-down is charged to research and development expenses. If regulatory approval is subsequently obtained, the recorded expenses are not reversed.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within financial debts in current liabilities on the balance sheet. This definition is also used for the purposes of the cash flow statement.

3.12 Financial liabilities

The Group's financial liabilities include trade and other payables as well as borrowings.

Financial liabilities are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

3.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3.14 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair values of financial assets and liabilities at the balance sheet date are not materially different from their reported carrying values unless specifically mentioned in the notes to the consolidated financial statements.

3.15 Research and development costs

Research and development costs consist primarily of remuneration and other expenses related to research and development personnel, costs associated with preclinical testing and clinical trials of product candidates, expenses for research and development services under collaboration agreements and outsourced research and development expenses. Furthermore, the Group may acquire in-process research and development assets, either through business combinations or through purchases of specific assets. In-process research and development assets acquired either through business combinations or separate purchases are capitalized as intangible assets and reviewed for impairment at each reporting date. Once available for use, such intangible assets are amortized on a straight-line basis over the period of the expected benefit.

Internal development costs are capitalized as intangible assets only when there is an identifiable asset that can be completed and that will generate probable future economic benefits and when the cost of such an asset can be measured reliably.

3.16 Employee benefits

General

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Pension obligations

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, including actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, or
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'personnel expense' in the consolidated statement of comprehensive income:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

3.17 Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized in employee benefits expense.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested, irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified if the original terms of the award have been met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

4. Summary of critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

4.1 Critical judgements in applying accounting policies

Collaboration and license agreement with Acer

In March 2021, Relief and Acer Therapeutics Inc. ("Acer") entered into a collaboration and license agreement for worldwide development and commercialization of ACER-001.

The management has assessed the payment of USD 15 million (CHF 13.7 million), comprised of USD 14 million as initial payment due upon signing of the agreement plus USD 1 million paid in exchange of an exclusivity period to negotiate the agreement, is in substance the acquisition cost of the development project. Hence, the license and the price paid for its acquisition meet the requirements of an intangible asset and are capitalized as an intangible asset (note 9).

Amortization of the intangible asset will begin when the license is available for use, i.e., when it is in the condition necessary to operate in the manner intended by the management. The amortization will therefore begin when the regulatory and marketing approvals are obtained. Until then, the intangible asset will be tested for impairment at least annually, irrespective of whether any indication of impairment exists.

With regards to the possible future milestone payments, the Group, in accordance with industry practice, is following the cost accumulation approach. Hence, the milestone payments are not considered on initial recognition of the asset but will be added to the cost of the asset if and when incurred.

The upfront development payments paid and to be paid by Relief to Acer for further development activities do not yet meet the capitalization criteria for intangible assets. Hence, they are recognized as a prepayment in the balance sheet upon payment (note 15) and released to the income statement over the period of the development activity as incurred. Development expenses occurred under the collaboration agreement, which are incurred by the Acer and subsequently reported to Relief, are recorded as external research and development expense.

Revenue recognition

Revenue is primarily from fees related to licenses, milestones and royalties as well as product sales. Given the complexity of the relevant agreements, judgement is required to identify distinct performance obligations, allocate the transaction price to these performance obligations and determine when the performance obligations are met.

Going concern

These consolidated financial statements are prepared on a going concern basis. The Group maintains liquidity forecasts and monitors its ability to continue as a going concern. The viability of the Group is dependent on its ability to start generating recurring positive cash flows to adequately support its operations. The Group may never achieve sustainable profitability and is exposed to all the risks inherent in establishing a business. Since its inception, the Group has primarily relied on share issuances to finance its cash needs. The ability of the Group to raise money and fund its long-term operations is uncertain. If the Group is unable to obtain the required financing, it may be unable to continue its operations, realize its assets and discharge its liabilities.

4.2 Key sources of estimation uncertainty

Business combination

The allocation of the purchase price for business acquisitions to the identifiable assets acquired and liabilities assumed based on their respective fair values, requires use of accounting estimates and judgment. Acquired intangible assets are valued using valuation models under which fair values are derived from future net cash flows, which are discounted to the acquisition date using an appropriate discount factor. Relief has estimated fair values of assets acquired, liabilities assumed, and contingent considerations based on reasonable assumptions.

Valuation and impairment of intangible assets

Determining whether intangible assets are impaired requires management to estimate the recoverable value of the cash-generating unit to which the intangible assets are attributable. If the recoverable value of the cash-generating unit is lower than the carrying amount of the cash-generating unit to which the intangible assets have been allocated, impairment is recorded. Changes to the assumptions may result in impairment losses or impairment reversals in subsequent periods.

Share-based compensation

The fair values of the options at the grant date have been assessed using the Black-Scholes valuation model and spread over the vesting period. The significant inputs into the model were share price, exercise price, expected life of the options, volatility and risk-free interest rate.

Deferred income taxes

The determination of the recoverability of deferred income tax assets is based on the judgment of management. Deferred income tax assets are recognized only if it is probable that they can be used in the future. Whether or not they can be used depends on whether the tax-deductible temporary difference can be offset against future taxable profits. In order to assess the probability of their future use, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. Such deferred tax assets are only recorded when sufficient future taxable profits are probable.

Defined benefit obligation

The retirement benefit obligation is calculated on the basis of various financial and actuarial assumptions. The key assumptions for assessing these obligations are the discount rate, future salary increases, future pension increases as well as the probability of the employee reaching retirement. The obligation was calculated using a discount rate of 0.30%. The calculations were done by an external expert and the principal assumptions used are summarized in note 21. As of December 31, 2021, the underfunding amounted to TCHF 1'550. Using another basis for the calculations could have led to a different result.

5. Group companies

The following table lists the subsidiaries controlled by Relief at the end of the reporting period.

Name	Country	City	Equity interest	
			31.12.21	31.12.20
Relief Therapeutics International SA	Switzerland	Geneva	100%	100%
Relief Therapeutics US, Inc.	United States	New York	100%	100%
Relief Therapeutics, Inc.	United States	New York	100%	100%
APR Applied Pharma Research SA	Switzerland	Balerna	100%	-
APR Applied Pharma Research Holding SA	Switzerland	Balerna	100%	-
APR Applied Pharma Research - Italy s.r.l.	Italy	Rome	100%	-
APR Applied Pharma Research Deutschland GmbH	Germany	Offenbach am Main	100%	-
AdVita Lifescience GmbH	Germany	Freiburg im Breisgau	100%	-
AdVita Lifescience AG	Switzerland	Basel	100%	-
AdVita Lifescience, Inc.	United States	New York	100%	-

The equity interest percentage shown in the table also represents the share in voting rights in those entities.

6. Segment information

6.1 Description of segment

The Group operates in one segment, namely research, development and commercialization of biopharmaceutical products. The Board of Directors and the Executive Committee, being together the chief operating decision maker, allocate resources and assess the performance of the Group at a consolidated level. The accounting policies used for segment reporting are the same as those used for the preparation of these financial statements.

6.2 Information on revenue

Relief generates revenue from out-licensing transactions and sales of products. In 2021, the primary source of revenue was the portfolio of marketed products acquired in the business combination with APR at the end of June 2021. As a result, sales reported in the Group's income statement represent revenue realized during the 6-month period from July 1, 2021, to December 31, 2021. Revenue is reported by geographical location based on the location of the customer or licensee and, for services, based on the location where the services were performed.

The disaggregation of the Group's net sales is presented in the following table:

TCHF	2021*	2020
Revenue streams		
Royalties	1'268	-
Product sales	1'305	-
License fees, upfront fees and milestones	289	-
Revenue from research & development services	459	-
Total revenue	**3'321**	**-**
Geographical area		
Switzerland	527	
Europe (excluding Switzerland)	1'115	-
North America	835	-
Rest of the world	844	-
Total revenue	**3'321**	**-**
Timing of revenue recognition		
Point in time	3'321	-
Over time	-	-
Total revenue	**3'321**	**-**

* Revenue recognized since the acquisition of APR, i.e., from July 1, 2021, to December 31, 2021.

In 2021, each of the three largest customers of the Group represented 19.1%, 13.6% and 13.3%, respectively, of the total net sales.

6.3 Geographical location of non-current assets

TCHF	December 31, 2021	December 31, 2020
Switzerland	194'935	30'800
Rest of the world	183	-
Total non-current assets *	**195'118**	**30'800**

* Without financial assets and deferred tax assets.

7. Business combinations

7.1 Acquisition of APR

On June 28, 2021, the Group acquired all outstanding shares and voting rights of APR Applied Pharma Research SA (Ticino, Switzerland). The APR subgroup is constituted by its parent company APR Applied Pharma Research SA and three fully owned subsidiaries: APR Applied Pharma Research Holding SA (Ticino, Switzerland), APR Applied Pharma Research Deutschland GmbH (Offenbach am Main, Germany), and APR Applied Pharma Research - Italy S.r.l. (Rome, Italy).

The main corporate purpose of APR is the research and development of new technologies and methods in the chemical, pharmaceutical and food sectors, the registration of patents, as well as the registration of dietetic products, cosmetics and medical-surgical aids; it also manufactures and trades medical products on an international scale and acquire, hold, use or sell patents, trademarks and other intangible rights as well as licenses.

The acquisition of APR provided Relief with a platform for future growth, including established commercial infrastructure that will facilitate future therapeutic product launches in key European markets and in the U.S., as well as commercial revenues and qualified human resources. Under the terms of the agreement, APR's former shareholders have received from Relief a cash payment of CHF 21.5 million and CHF 42.9 million in Relief common registered shares. APR's former shareholders are also eligible to receive additional contingent payments in a combination of cash and Relief common shares upon achievement of pre-agreed milestones.

Consideration transferred

	TCHF
Cash	21'500
Non-cash (Relief shares)	42'912
Contingent consideration	20'157
Total consideration transferred	**84'569**

Under IFRS 3, the cost of the acquisition is based on the market value of Relief's listed shares at the acquisition date. Therefore, the fair value of the consideration transferred is calculated as follows: 206'786'784 shares at a fair value of CHF 0.20752 per share resulting to TCHF 42'912. The fair value of the shares based on the share price at the date of the transaction differs from the contractual value of CHF 45 million.

The acquisition agreement includes contingent considerations to the previous owners in the aggregate maximum amount of up to CHF 35 million upon achievement of pre-agreed milestones involving (i) the execution of a definitive agreement for the commercialization of Sentinox™, (ii) the launch of Sentinox in the first of France, Germany, Spain, Italy, and the United Kingdom, (iii) the launch of Golike in the U.S., and (iv) the launch of APR-TD011 in the first of France, Germany, Spain, Italy and the United Kingdom. Depending on the milestone payment, 60% to 75% will be payable in Relief shares and the rest in cash.

At the acquisition date, the fair value of the contingent consideration was TCHF 20'157, based on the estimated probability of occurrence as of the date of acquisition and the time factor. The contingent liability is presented in current and non-current provisions (note 22).

Acquisition-related costs of TCHF 775 have been excluded from the consideration transferred and recognized in 'other administrative expense' in the statement of comprehensive loss for the current period and are included in cash flows used in operating activities in the consolidated statement of cash flows.

Assets acquired and liabilities recognized at the date of acquisition

The fair values of the assets and liabilities of APR as at the date of acquisition were as follows:

	TCHF
Non-current assets	
Right-of-use assets	2'599
Property and equipment	34
Intangible assets	90'236
Deferred tax assets	1'239
Other non-current assets	55
Current assets	
Inventories	192
Trade receivables	1'107
Other current assets and other receivables	851
Cash and cash equivalents	5'710
Non-current liabilities	
Non-current lease liabilities	(2'248)
Defined benefit obligation	(1'707)
Deferred tax liabilities	(14'402)
Current liabilities	
Current lease liabilities	(371)
Current borrowings	(5'170)
Trade payables	(952)
Other current liabilities	(1'262)
Net assets acquired	**75'911**

Goodwill arising from the acquisition

	TCHF
Consideration transferred	84'569
Fair value of identifiable net assets	(75'911)
Goodwill	**8'658**

The purchase price allocation includes the recognition of intangible assets of TCHF 90'236 and a related deferred tax liability of TCHF 14'402. As no other individual identifiable assets meeting the recognition criteria were identified, the residual amount paid of TCHF 8'658 was allocated to goodwill. The goodwill is attributable to APR's established organization, history of successful partnerships and developments, and expected synergies with the Group's development and intended commercialization of aviptadil and ACER-001 in Europe. This goodwill is not expected to be deductible for income tax purposes. Intangible assets acquired in the business combination are described in note 9.

Net cash outflow from the acquisition

	TCHF
Cash and cash equivalent balance acquired	5'710
Consideration paid in cash and cash equivalents	(21'500)
Total net cash outflow	**(15'790)**

7.2 Acquisition of AdVita

On July 27, 2021, the Company closed the definitive agreement to acquire all outstanding shares of AdVita Lifescience GmbH ("AdVita").

Under the terms of the agreement, AdVita's former shareholders have received from Relief 135'741'063 Relief common listed shares. AdVita's sellers are also eligible to receive additional contingent payments of up to EUR 20 million (CHF 20.7 million) in cash upon achievement of pre-agreed milestones.

Consideration transferred

	TCHF
Cash	-
Non-cash (Relief shares)	31'490
Contingent consideration	10'465
Total consideration transferred	**41'955**

Under IFRS 3, the cost of the acquisition is based on the market value of Relief's listed shares at the acquisition date. Therefore, the fair value of the consideration transferred is calculated as follows: 135'741'063 shares at a fair value of CHF 0.232 (share price on transaction date) resulting to TCHF 31'490.

The acquisition agreement with AdVita includes contingent considerations to the previous owners in the aggregate maximum amount of up to EUR 20 million (CHF 20.7 million) in cash upon achievement of pre-agreed milestones involving (i) the issuance of one of AdVita's pending patents, (ii) upon the first regulatory approval in the U.S. or Europe for the inhaled form of aviptadil for the prevention or therapy of acute respiratory distress system or acute lung injury, (iii) upon regulatory approval in the U.S. or Europe for the inhaled form of aviptadil for the treatment of sarcoidosis or berylliosis, and (iv) the identification of a partner for co-development or the start of a phase II clinical trial for checkpoint inhibitor-induced pneumonitis.

At the acquisition date, the fair value of the contingent consideration was TCHF 10'465, based on the estimated probability of occurrence and the time factor. The contingent liability is presented in current and non-current provisions (note 22).

Acquisition-related costs amounting to TCHF 325 have been excluded from the consideration transferred and recognized in 'other administrative expense' in the statement of comprehensive loss for the current period and are included in cash flows used in operating activities in the consolidated statement of cash flows.

Assets acquired and liabilities recognized at the date of acquisition

The fair values of the assets and liabilities of AdVita as at the date of acquisition were as follows:

	TCHF
Non-current assets	
Tangible assets	14
Right-of-use assets	98
Intangible assets	50'716
Current assets	
Trade receivables	64
Inventory	88
Other current assets	717
Cash and cash equivalents	1'302
Non-current liabilities	
Non-current lease liabilities	(76)
Other non-current borrowings	(2'900)
Deferred tax liabilities	(7'086)
Current liabilities	
Current lease liabilities	(22)
Other current borrowings	-
Trade payables	(63)
Provisions	(649)
Other current liabilities	(248)
Net assets acquired	**41'955**

The purchase price allocation includes the recognition of intangible assets of TCHF 50'716 and a related deferred tax liability of TCHF 7'086. The activity, expertise and pending intellectual property rights of AdVita are centered exclusively on the medical compound aviptadil. The Group has identified one intangible asset constituted by in-process research and development expenses, which was recorded with the existing asset of Relief (note 9). The acquisition did not result in the recognition of a goodwill.

Net cash outflow from the acquisition

	TCHF
Cash and cash equivalent balance acquired	1'302
Loan due to Relief by the acquired subsidiary	(2'193)
Consideration paid in cash and cash equivalents	-
Total net cash outflow	**(891)**

7.3 Impact of the acquisitions on the results of the Group

From the dates of acquisition through December 31, 2021, APR and AdVita contributed, respectively, TCHF 3'207 and TCHF 113 revenue, and TCHF 2'169 and TCHF 1'200 operating loss, to the respective results of the Group, excluding amortization of intangible assets and related income tax effect.

If APR and AdVita were consolidated since the beginning of the financial year, the consolidated loss and the consolidated revenue of the Group for the year 2021 would have been TCHF 37'117 and TCHF 7'007, respectively.

8. Disposal of subsidiary

In 2020, the Group divested its former subsidiary Relief Therapeutics SA to Sonnet Biotherapeutics, Inc. in exchange for an equity consideration valued at TCHF 4'642. The transaction does not impact the consolidated balance sheet as of December 31, 2021 and 2020. A disposal gain of TCHF 3'382 was recognized in the consolidated statement of comprehensive loss for the year 2020. The contribution of the disposed subsidiary to the result of the Group for the year 2020 was a loss of TCHF 63.

Comprehensive disclosures are provided in note 14 of the consolidated financial statements for the year ended December 31, 2020.

9. Intangible assets

TCHF	Aviptadil project	APR product portfolio	ACER-001 license	Goodwill	Total
COST					
Balance at January 1, 2020	**30'800**	**-**		**-**	**30'800**
Balance at December 31, 2020	**30'800**	**-**		**-**	**30'800**
Addition	-	-	13'729	-	**13'729**
Acquired in business combination	50'716	90'236	-	8'658	**149'610**
Balance at December 31, 2021	**81'516**	**90'236**	**13'729**	**8'658**	**194'139**
ACCUMULATED AMORTISATION					
Balance at 1 January 2020	**(11'200)**	**-**	**-**	**-**	**(11'200)**
Reversal of impairment loss	11'200	-	-	-	**11'200**
Balance at December 31, 2020	**-**	**-**	**-**	**-**	**-**
Amortisation expense	-	(1'840)	-	-	**(1'840)**
Balance at December 31, 2021	**-**	**(1'840)**	**-**	**-**	**(1'840)**
CARRYING AMOUNT					
at December 31, 2020	30'800	-	-	-	30'800
at December 31, 2021	**81'516**	**88'396**	**13'729**	**8'658**	**192'299**

Intangible assets include acquired trademarks, patents, licenses, technologies and other assets without physical substance. These items are measured at cost less accumulated amortization and impairment. The cost of an intangible asset acquired in a business combination corresponds to its fair value at the date of the acquisition. The intangible assets consist of in-progress research and development projects and products in marketing phase.

9.1 Aviptadil project

The intangible asset is the medicinal product candidate RLF-100® constituted by intellectual property rights and clinical knowledge. It was initially acquired in 2016 in the business combination between Relief Therapeutics SA and THERAMetrics Holding AG. With the acquisition of AdVita in 2021, the Group gained additional expertise and potential intellectual property rights around the inhaled formulation of aviptadil.

RLF-100 is currently in clinical testing for acute respiratory distress syndrome (ARDS) and acute lung injury (ALI) associated with the SARS-CoV-2 virus (COVID-19). Relief also plans to develop RLF-100 for less severe form of COVID-19 and other acute and chronic lung diseases, including pulmonary sarcoidosis. The asset is not yet available for use in the meaning of IAS 38.

9.2 ACER-001 license

The intangible asset is the acquisition cost of licensing and royalty rights under the collaboration and license agreement with Acer. The agreement provides for the development, regulatory approval and worldwide commercialization of ACER-001 by Relief and Acer. ACER-001 is a proprietary powder formulation of sodium phenylbutyrate for the potential treatment of Urea Cycle Disorders and Maple Syrup Urine Disease.

Acer will retain development and commercialization rights in the U.S., Canada, Brazil, Turkey, and Japan. The companies will split net profits from Acer's territories 60%:40% in favor of Relief. In addition, Relief has licensed the rights for the rest of the world, where Acer will receive from Relief a 15% royalty on all revenues received in Relief's territories. The asset is not yet available for use in the meaning of IAS 38. Refer to notes 4.1 and 41 for further details.

9.3 APR product portfolio

The intangible assets acquired from the acquisition of APR are comprised of patents, trademarks, licenses, sub-licenses, technologies, in-process research and development projects, and other assets without physical substance.

Products that have reached marketing phase consist primarily of PKU GOLIKE® as well as of a portfolio of a dozen of medicinal products that are currently licensed or marketed. The corresponding intangible assets will be amortized over their estimated remaining useful lives. Amortization is charged on a straight-line basis over the estimated economic or legal useful life, whichever is shorter. The amortization period ranges from 3 to 15 years.

Products that are in development phase consist primarily of APR-TD011, a clinical-stage drug candidate for the treatment of epidermolysis bullosa, and APR-AOS2020 (Sentinox), a near-to-market product reducing the risk of infections caused by bacteria and viruses. Amortization of the assets will commence when they are available for use.

The carrying amounts of in-process research and development asset and marketed products at acquisition date were TCHF 50'878 and TCHF 39'358, respectively.

9.4 Goodwill and intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives, those not yet ready for use, and goodwill are not amortized but tested for impairment annually or more frequently if there are indications of impairment. If the recoverable amount (higher of fair value less costs of disposal and value in use) is lower than the carrying amount, the carrying amount is reduced to the recoverable amount by recording an impairment charge.

Goodwill is recognized at cost on the acquisition date and corresponds to the difference between the consideration transferred and the fair value of assets, liabilities and contingent liabilities identified in the purchase price allocation. Goodwill is capitalized and included in intangible assets. After initial measurement, goodwill is recognized at cost less any accumulated impairment. For impairment testing purpose, the goodwill acquired through the business combination with APR is allocated to the "APR product portfolio'" as a single cash-generating unit (CGU).

For impairment testing models of in-process research and development assets, cash flows are projected over a period greater than five years to reflect the cycle of development and commercialization of the products.

9.4.1 Impairment testing Aviptadil project

The impairment test was performed by determining the recoverable amount of the asset as the risk-adjusted net present value of future cashflows (value in use) as of December 31, 2021. The analysis took into consideration the current plans of the Company to develop RLF-100 for the treatment of COVID-induced indications and other pulmonary indications.

Impairment testing involves judgmental assumptions that may change over time. Management has adopted conservative estimates as follows:

- revenue forecasts were derived from internal market analyses and external sources of information. Amounts and timing of these forecasts were based on the expected patient populations who could benefit from RLF-100 treatment over the product life cycle, as well as on the expected development milestones for each indication. Year of obtention of market approval was based on management's best estimate given the current stage of development of each indication;
- probability of success to reach market approval was defined on a per indication basis and ranged from 21% to 35%, depending on the development stage. The probabilities were based on empirical success rate analysis of phase 2 and phase 3 studies for comparable indications;
- patent protection period lasts at least until 2029 in the U.S. and 2026 in European main markets, excluding extension possibilities the Group will seek to obtain and provisional patents acquired with AdVita that would be, if granted, valid until 2041. Cash flows were projected on a period from 2021 to up to 2034; and
- pre-tax discount rate of 17% (December 31, 2020: 17%) used for the valuation reflects the risk profile of such program and the current development stage.

The Group performed a sensitivity analysis considering reasonably possible changes in the assumptions used to calculate the discounted cash flows. Main assumptions tested for changes on a per indication basis were the discount rate, the time to market, the probabilities of success and the number of patients who will benefit from RLF-100. The sensitivity analysis did not reveal situations where the carrying amount of the asset would exceed its recoverable amount.

9.4.2 Impairment testing APR product portfolio

The valuation of the identifiable net asset of APR and goodwill arising from the acquisition was performed in the purchase price allocation for the consolidation of APR within these consolidated financial statements. The acquisition value of the intangible assets has been derived from commercial forecasts (value in use) covering a nine-year period. The discount rate applied to cash flow projections was 14%. Cash flows beyond the forecast period were extrapolated using an attrition rate of 5% until the expected end of the exclusivity period of each product.

The valuation analysis was finalized in early 2022 and was based on assumptions prevailing at the date of acquisition. No events have occurred since the acquisition date that would have led to a decrease of the net present value of projected cash flows. As a result, changes in assumptions as part of the impairment test result in a reallocation of the purchase price among the acquired intangible assets instead of a possible impairment.

9.4.3 Impairment testing ACER-001 license

The recoverable amount of the ACER-001 licenses has been derived from commercial forecasts (value in use) covering a fourteen-year period. The discount rate applied to cash flow projections was 17% and cash flows beyond the forecast period were not considered. As a result of the analysis, management did not identify an impairment for this asset. The sensitivity analysis did not reveal situations where the carrying amount of the license would exceed its recoverable amount.

10. Leases

10.1 Right-of-use assets

TCHF	Office Building	Equipment	Total
COST			
Balance at January 1, 2020	**-**	**-**	**-**
Balance at December 31, 2020	**-**	**-**	**-**
Acquired in business combination	2'548	151	**2'699**
Disposal	-	(11)	**(11)**
Foreign exchange difference	(10)	(1)	**(11)**
Balance at December 31, 2021	**2'538**	**139**	**2'677**
ACCUMULATED DEPRECIATION			
Balance at 1 January 2020	**-**	**-**	**-**
Balance at December 31, 2020	**-**	**-**	**-**
Depreciation expense	(147)	(33)	**(180)**
Foreign exchange difference	-	1	**1**
Balance at December 31, 2021	**(147)**	**(32)**	**(179)**
CARRYING AMOUNT			
at December 31, 2020	-	-	-
at December 31, 2021	**2'391**	**107**	**2'498**

The Group leases office equipment, laboratory equipment and cars as well as office buildings in Switzerland, Italy and Germany. The remaining expected lease terms are between 2 years and 10 years. Except for the laboratory and office equipment, the Group does not have an option to purchase the asset at the end of the lease term.

10.2 Maturity analysis of lease liabilities

TCHF	December 31, 2021	December 31, 2020
< 1 year	331	-
1-5 years	1'161	-
> 5 years	1'031	-
Total	**2'523**	**-**

10.3 Amounts recognized in profit or loss

TCHF	December 31, 2021	December 31, 2020
Lease expense for short-term and low value leases	27	15
Depreciation expense on right-of use assets (note 32)	180	-
Interest expense on lease liabilities (note 33)	17	-

10.4 Further information on leases

The Group had non-cancellable commitments of TCHF 10 for short-term leases as of December 31, 2021. In 2021, the total cash-outflow for leases amounts to TCHF 201.

11. Non-current financial assets

In 2020, the Group had provided a loan of TUSD 500 (TCHF 460) to NeuroRx, Inc. ("NeuroRx") for the development of RLF-100 in COVID-19 induced ARDS, as part of the collaboration agreement. The loan carries an interest rate of 2% per annum and is due in April 2022. Considering the ongoing dispute between the parties (note 41.3), the Group reassessed the recoverability risk of the loan and fully impaired the loan and accrued interests as at December 31, 2021.

12. Inventories

TCHF	December 31, 2021	December 31, 2020
Raw material	2'742	181
Finished goods	366	-
Gross inventories	3'108	181
Valuation allowance	(2'717)	(181)
Total	**391**	**-**

The Company holds in inventory aviptadil active ingredient valued at acquisition cost of TCHF 2'717. As the aviptadil was manufactured prior to obtaining regulatory approval, the inventory is fully impaired and the impairment charge is recognized in research and development expenses.

13. Trade receivables

TCHF	December 31, 2021	December 31, 2020
Current receivables	1'506	-
Expected credit loss allowance	(204)	-
Total	**1'302**	**-**

Trade receivables are non-interest bearing and generally have maturities between 30 and 90 days.

The Group uses a provision matrix to calculate expected credit losses from trade receivables. The provision rates are based on days past due of customer invoices. The provision is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit losses with forecasts on economic conditions or similar forecast data for the various geographical areas. At each reporting date, the historical observed default rates are updated and changes in the various forecasts are analysed.

TCHF	2021	2020
Opening balance of the expected credit loss allowance	-	-
Acquired through business combination	(126)	-
Impairment losses recognised	(78)	-
Closing balance	**(204)**	**-**

14. Other current financial assets

In April 2020, the Group received 757'933 common shares of the publicly listed Sonnet BioTherapeutics, Inc. as consideration for the sale of its subsidiary Relief Therapeutics SA. During 2020, the Group sold 663'960 of these shares in various tranches. During the first semester of 2021, the Group sold the remaining 93'973 shares resulting in proceeds of TCHF 132 and valuation losses of TCHF 54 which are recognized in 'other losses' within the consolidated statement of comprehensive loss (note 31).

15. Other current assets

TCHF	December 31, 2021	December 31, 2020
Prepaid expenses	6'422	3'442
Accrued revenue	313	-
VAT receivable	115	63
Deposits with others	28	-
Indemnification asset (note 22)	622	-
Other current receivables	1'016	9
Total	**8'516**	**3'514**

The increase in prepaid expenses is mainly attributable to the upfront development payments made to Acer under the collaboration and license agreement. Over the reporting period, these payments amount to USD 15 million of which USD 9.3 million were expensed, thus resulting in a prepayment of USD 5.7 million (CHF 5.3 million) as of December 31, 2021. Other current receivables mainly consist of advance payments issued by the Group and to be reimbursed by the vendors.

16. Restricted cash

As of December 31, 2020, TCHF 5'093 was held in an escrow account as a security deposit under a pledge agreement signed with the Company's bank. The escrow account was set up for a commitment issued by the Company for the acquisition of clinical material produced, delivered, and paid for in 2021. As of December 31, 2021, the Group did not hold any restricted cash position.

17. Cash and cash equivalents

As of December 31, 2021 and 2020, cash and cash equivalents are consituted by cash at bank and on hand.

18. Share capital

	Number of shares		
	Common shares	Treasury shares	Total
Balance at January 1, 2020	**2'113'919'272**	**-**	**2'113'919'272**
Share Subscription Facility	240'000'000	-	240'000'000
Debt to Equity conversion	58'023'584	-	58'023'584
Exercises of warrants	766'658'667	-	766'658'667
Exercises of options	68'125'725	-	68'125'725
Balance at December 31, 2020	**3'246'727'248**	**-**	**3'246'727'248**
Balance at January 1, 2021	**3'246'727'248**	**-**	**3'246'727'248**
Issuance of treasury shares	1'153'502'908	(1'153'502'908)	-
Direct Share Placement program	-	398'219'762	398'219'762
Private placements	-	112'887'942	112'887'942
Acquisition payments	-	342'527'847	342'527'847
Exercises of options	13'104'461	-	13'104'461
Balance at December 31, 2021	**4'413'334'617**	**(299'867'357)**	**4'113'467'260**

18.1 Issued share capital

As of December 31, 2021, the share capital consisted of 4'413'334'617 issued shares with a par value of CHF 0.01 each. The Company has issued a total of 1'166'607'369 shares during the reporting period and held 299'867'357 shares in treasury as of December 31, 2021.

Equity transactions in 2021

The Company initiated in 2021 its Direct Share Placement ("DSP") program in order to diversify its funding sources and raise capital in a cost-efficient and flexible manner. Under such program, the Company is able to issue shares out of its authorized capital to constitute and monetize its treasury shares reserve. Newly issued shares can be sold on the open market at the share price prevailing at the date of the settlement without incurring significant transaction costs or granting any discount, as is the case with private or public offerings.

In 2021, the following capital increase transactions provided the Group with cumulated gross proceeds of TCHF 76'088, before deducting transaction costs of TCHF 2'848. Transactions costs are mostly constituted by issuance stamp taxes and placement agent fees.

- Issuances of shares: the Company issued during the period 1'153'502'908 shares from its authorized capital. The shares were entirely subscribed at par value by its wholly owned subsidiary Relief Therapeutics International SA. The transactions provided the Group with shares to be held in treasury until subsequent placements.
- Private placement in March 2021: sale of 41'459'370 shares at CHF 0.2412 per share to an institutional investor for total gross proceeds of TCHF 10'000.
- Private placement in July 2021: sale of 71'428'572 shares at CHF 0.2100 per share to two institutional investors for total gross proceeds of TCHF 15'000.
- DSP program: sale of 398'219'762 shares at an average price of CHF 0.1278 for total gross proceeds of TCHF 50'887.
- Exercises of options: issuance upon exercise of 13'104'461 shares at prices between CHF 0.01 and 0.02 per share, resulting in gross proceeds of TCHF 201.

As further detailed in note 7, Relief transferred 342'527'847 shares to APR's and AdVita's sellers as equity payments for the acquisition of APR and AdVita. The two non-cash transactions resulted in an increase of equity of TCHF 74'402.

Equity transactions in 2020

Capital increase transactions in 2020 provided the Group with total gross proceeds of TCHF 60'691 before deducting transactions costs of TCHF 634. Details of these transactions are as follows:

- Share Subscription Facility ("SSF") financing: the Company drew down a total of 240'000'000 shares from its SSF in place with GEM Global Yield LLC SCS at an average price of CHF 0.205 per share. Cumulated net proceeds amounted to CHF 49'215'600.
- Debt to Equity conversion: issuance of 58'023'584 shares at CHF 0.0297 per share through conversion of loans for total gross proceeds of CHF 1'723'301.
- Exercises of warrants: issuance upon exercises of warrants of 766'658'667 shares at prices between CHF 0.01 and 0.0146 per share, resulting in gross proceeds of CHF 7'712'587.
- Exercises of options: issuance upon exercises of stock options of 68'125'725 shares at prices between CHF 0.01 and 0.04 per share, resulting in gross proceeds of CHF 1'405'507.

18.2 Authorized share capital

As of December 31, 2021, the Company had an authorized nominal share capital of TCHF 6'565, consisting of 656'497'092 registered shares with a par value of CHF 0.01 each, which the Board of Directors is authorized to issue at any time until June 17, 2023.

18.3 Conditional share capital

The conditional share capital of the Company as of December 31, 2021 was TCHF 16'849, consisting of 1'684'874'275 shares with a par value of CHF 0.01 each, of which 121'874'275 to be used for stock options for members of the Board of Directors, Executive Committee, employees and consultants, as well as 1'563'000'000 shares to be used for the exercise of option rights granted in connection with bonds, notes or similar debt instruments issued by the Company.

19. Reserves

TCHF	December 31, 2021	December 31, 2020
Share premium (note 19.1)	207'521	68'546
Share-based payment reserve (note 19.2)	2'371	1'228
Foreign currency translation reserve (note 19.3)	255	-
Total	**210'147**	**69'774**

19.1 Share premium

TCHF	2021	2020
Balance at beginning of year	68'546	20'451
Additional paid-in capital from capital increases	141'823	48'729
Transaction cost in relation to capital increases	(2'848)	(634)
Balance at end of year	**207'521**	**68'546**

19.2 Share-based payment reserve

TCHF	2021	2020
Balance at beginning of year	1'228	180
Share-based payments (note 35)	1'143	1'048
Balance at end of year	**2'371**	**1'228**

19.3 Foreign currency translation reserve

TCHF	2021	2020
Balance at beginning of year	-	34
Exchange differences arising on translating foreign operations	255	3
Recycled to profit or loss upon liquidation of the subsidiaries	-	(37)
Balance at end of year	**255**	**-**

20. Borrowings

TCHF	December 31, 2021		December 31, 2020	
	Non-current	Current	Non-current	Current
Bank loans	396	28	-	-
Other financial liability	-	67	-	-
Total	**396**	**95**	**-**	**-**

Bank loans

As of December 31, 2021, a bank loan of TCHF 398 was owed to a German bank. The loan has an interest of 2.7% per annum and is granted until December 30, 2023, with an extension option. Monthly installments due in the next twelve months are classified as current for TCHF 25.

Another loan of TCHF 26 does not bear interest and is repaid in monthly installments until 2026. TCHF 3 is classified as current.

Other financial liability

This consists in an interest-bearing loan acquired in the business combination with AdVita. The interest rate is 3.5% per annum and the loan is repayable on June 30, 2022.

Credit facilities

During 2021, the Group had, through its subsidiary APR, a credit line from a Swiss bank. The amount drawn was fully repaid as of December 31, 2021, and the unsecured credit line was renewed in January 2022 for an amount of CHF 2 million. The Group would pay interest on the drawn amounts, if any, at a rate to be defined at the dates of the drawdowns.

21. Defined benefit obligations

The following table provides information on the amounts recognized in the balance sheet:

TCHF	December 31, 2021	December 31, 2020
Present value of pension benefit obligation	4'496	-
Fair value of pension plan assets	(2'946)	-
Net pension defined benefit obligation	1'550	-
Present value of other benefit obligations	1'243	-
Total defined benefit obligations	**2'793**	**-**

21.1 Defined benefit plan

Swiss pension plans need to be administered by a separate pension fund that is legally separated from the entity. The law prescribes certain minimum benefits. The pension plans of the employees of the parent entity and its Swiss subsidiaries are carried out by collective funds with Swiss Life Collective Foundation and Caisse Inter-Entreprises de Prévoyance Professionelle. Under the pension plans, the employees are entitled to retirement benefits and risk insurance for death and disability.

In accordance with IAS 19, the above-mentioned pension plans are classified as defined benefit plans. The pension plans are described in detail in the corresponding statues and regulations. The contributions of employers and employees, in general, are defined in percentages of the insured salary. The retirement pension is calculated based on the old-age credit balance on retirement multiplied by the fixed conversion rate. The employee has the option to withdraw the capital at once. The death and disability pensions are defined as percentage of the insured salary. The assets are invested directly with the corresponding pension funds.

The pension funds can change their financing system (contributions and future payments) at any time. Also, when there is a deficit which cannot be eliminated through other measures, the pension funds can oblige the entity to pay a restructuring contribution. For the pension funds of the Group such a deficit currently cannot occur as the plans are fully reinsured. However, the pension funds could cancel the contracts and the entities of the Group would have to join another pension fund.

In the current and comparative periods no plan amendments, curtailments or settlements occurred.

The fully reinsured pension funds have concluded insurance contracts to cover the biometric and investment risk. The board of each pension fund is responsible for the investment of assets and the investment strategies are defined in a way that the benefits can be paid out on due date.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2021. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the “projected unit credit” method.

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

TCHF	2021	2020
Current service cost	132	-
Net interest expense	2	-
Administration cost excl. cost for managing plan assets	11	-
Expense recognised in profit or loss	**145**	**-**

Amounts recognized in other comprehensive income in respect of these defined benefit plans were as follows:

TCHF	2021	2020
Remeasurement (gain)/loss on defined benefit obligation		
due to changes in demographic assumptions	-	-
due to changes in financial assumptions	(39)	-
due to changes in experience adjustments	(166)	-
Return on plan assets excl. interest income	24	-
Derecognition of defined benefit obligation (note 8)	-	(136)
(Income) recognised in other comprehensive income	**(181)**	**(136)**

Movements in the present value of the defined benefit obligation were as follows:

TCHF	2021	2020
Opening defined benefit obligation	-	-
Current service cost	132	-
Interest expense on defined benefit obligation	6	-
Contributions from plan participants	54	-
Benefits (paid)/deposited	(640)	-
Remeasurement (gain)/loss due to changes in financial assumptions	(39)	-
Remeasurement (gain)/loss due to changes in experience adjustments	(166)	-
Acquired through business combinations	5'149	-
Closing defined benefit obligation	**4'496**	**-**

Movements in the present value of the plan assets in the current period were as follows:

TCHF	2021	2020
Opening fair value of plan assets	-	-
Interest income on plan assets	4	-
Return on plan assets excluding interest income	(24)	-
Contributions from the employer	121	-
Contributions from plan participants	54	-
Benefits (paid)/deposited	(640)	-
Administration cost	(11)	-
Acquisition through business combination	3'442	-
Closing fair value of plan assets	**2'946**	**-**

The respective insurance companies are providing reinsurance of these assets and bear all market risk on these assets.

The actual return on plan assets was TCHF (20).

Principal assumptions used for the purposes of the actuarial valuations were as follows:

TCHF	2021	2020
Discount rates	0.30%	n.a.
Expected rates of salary increase	1.50%	n.a.

The following sensitivity analyses based on the principal assumptions have been undertaken based on reasonably possible changes to the assumptions occurring at the end of the reporting period:

- If the discount rate would be 25 basis points (0.25 percent) higher (lower), the defined benefit obligation would decrease by 4.1% (increase by 4.1%) if all other assumptions were held constant.
- If the expected salary growth would increase (decrease) by 0.25%, the defined benefit obligation would increase by 0.6% (decrease by 0.6%) if all other assumptions were held constant.

The average duration of the defined benefit obligation at the end of the reporting period was 17.5 years.

The Group expects to make contributions of TCHF 244 to the defined benefit plans during the next financial year.

21.2 Other employee benefits

The obligations for other employee benefits mainly consist of end of service indemnities, which do not have the character of pensions, and are classified as a defined benefit plan in accordance with IAS 19.

22. Provisions

TCHF	Contingent liabilities (i)	Legal and regulatory (ii)	Total
At the beginning of the year	-	-	-
Additional provisions recognized	-	100	100
Acquired through business combination	30'622	649	31'271
Change in fair value due to passage of time	653	-	653
Unrealized foreign exchange loss	(444)	(27)	(471)
At the end of the year	**30'831**	**722**	**31'553**
thereof current	11'461	622	12'083
thereof non-current	19'370	100	19'470

(i) Contingent liabilities

The Group has recognized contingent settlement provisions of TCHF 30'622 for the probability-weighted present value of payments, as at the date of the business combination, that may become due to the former shareholders of APR and AdVita upon completion of pre-agreed milestones (note 7). The provisions are classified within current and non-current liabilities based on estimated possible due dates of milestone payments.

Until the related liabilities are settled, cancelled or expired, the provisions are measured at fair value at balance sheet date and changes are recognized in the income statement.

Acquisition milestone payments related to APR will be payable in Relief shares, from 60% to 75% of the total amount, and the rest in cash. Acquisition milestone payments related to AdVita are entirely payable in cash.

(ii) Legal and regulatory proceedings

On June 10, 2021, SIX Exchange Regulation initiated an investigation against the Company due to a potential violation of the rules on ad-hoc publicity. As part of the investigation, SIX Exchange Regulation AG is examining whether there has been an actual violation of the regulations. The provision of TCHF 100 reflects the management's best estimate of the most likely outcome and is subject to uncertainty. It is expected to be paid within the next twelve months and is therefore classified as current.

A subsidiary of the Group is party to a legal proceeding for the payment to a third party of TCHF 622. The claim was acquired in a business combination in 2021 and is entirely provisioned as of December 31, 2021. Should the Group settle part or whole of the claim, the former shareholders of the acquired company have contractually agreed to fully indemnify Relief. An indemnification asset of the same amount was recorded on the balance sheet as of December 31, 2021 (note 15).

23. Financial liabilities due to third parties

As of December 31, 2020, financial liabilities of TCHF 891 were due to a former subsidiary of the Group. In 2021, the claim was entirely waived by the counterparty and was therefore written-off and recognized as income in the current reporting period (note 26).

24. Financial liabilities due to related parties

The Company signed in January 2021 a financing agreement with the Company's main shareholder, Gem Global Yield LLC ("GEM"), for the implementation of a new Share Subscription Facility ("SSF") in the amount of up to CHF 50 million until January 20, 2024. The Company agreed to pay GEM a commitment fee of TCHF 1'250, payable upon proceeds from the first drawdowns or on January 20, 2022. The Company did not draw on the SSF during the reporting period. The liability did not bear interest in 2021. From January 21, 2022, the liability bears interest at 1% per annum above the base rate of Barclays Bank PLC and is repayable on demand.

As the obligation to pay the commitment fee arose with the execution of the agreement, the Company immediately recorded the commitment fee as a liability. The corresponding expense is recognized as financial expense (note 33) over the SSF commitment period of three years ending January 20, 2024.

25. Other current payables and liabilities

TCHF	December 31, 2021	December 31, 2020
Accrued expenses	2'143	2'634
Payable to social security institutions	720	816
Withholding tax liability for personnel	853	-
Stamp duty and capital tax liabilities	486	433
VAT payable	19	-
Other current liabilities	53	487
Total	**4'274**	**4'370**

26. Other gains

TCHF	2021	2020
Write-off of liabilities due to former subsidiaries (note 23)	891	146
Gain on settlement of a financial liability	-	104
Write-off of old liabilities	168	-
Income from sublease agreements	87	-
Various others	25	23
Total other gains	**1'171**	**273**

27. Cost of sales

Expenses incurred with third parties in relation with advertising, marketing, shipping, distribution and commission on sales, are classified in 'external selling and distribution expense'. Expenses incurred with third parties in relation with the purchase and manufacturing of drug products for sale are classified in 'raw materials and consumables expense'.

The consolidated statement of comprehensive loss aggregates transactions according to their nature. The overall cost of sales, which include expenses of different natures, is therefore not presented in a distinct line.

28. External research and development expense

External research and development expense includes costs associated with outsourced clinical research organization activities, sponsored research studies, clinical trial costs, process development, product manufacturing expenses, license fees, and investigator-sponsored trials, including licensing fees and milestone payments charged by licensors or collaboration partners. In 2021, external research and development expenses primarily related to the development expenses incurred by Acer under the license and collaboration agreement and to the clinical development of aviptadil.

29. Personnel expense

TCHF	2021	2020
Salaries including social security expense	4'485	76
Independent contractors fees	2'220	761
Share-based payment expense (note 35)	1'143	1'048
Social security expense in relation to share-based payments	30	742
Service cost for other benefit obligation	1'243	-
Total personnel expense	**9'121**	**2'627**

In 2021, personnel and administrative expenses of the Group increased mainly as result of the addition of APR and AdVita, the building up of a group organization, and the growth of operations.

30. Other administrative expense

TCHF	2021	2020
Professional services	6'022	2'774
Capital tax	180	161
Other administrative expense	548	64
Total other administrative expense	**6'750**	**2'999**

Professional services include expenses incurred in relation with legal and tax advisory, consulting, corporate communication, accounting and audit. Other administrative expense comprises IT, leases and various other expenses. The increase in 2021 was primarily attributable to the expanded activities of the Group with the addition of APR and AdVita, as well as to legal and consulting service needs to support the operations and development plans of the Group at a corporate level.

31. Other losses

TCHF	2021	2020
Losses on financial assets at fair value through profit or loss (note 14)	54	1'195
Impairment losses on loans to third parties	692	50
Various others	6	15
Total other losses	**752**	**1'260**

32. Amortization and depreciation expense

TCHF	2021	2020
Amortization of intangible assets (note 9)	1'840	-
Depreciation of rights-of-use assets (note 10)	180	-
Depreciation of property and equipment	16	-
Total amortization and depreciation expense	**2'036**	**-**

33. Financial income and expense

TCHF	2021	2020
Interest income	40	7
Foreign exchange gain, net	57	-
Total finance income	**97**	**7**
Interest expense related to leases	(17)	-
Negative interest on cash deposits	(127)	(100)
Other interest expenses	(50)	-
Bank charges	(74)	(69)
Change in fair value provisions for milestone payments (note 22)	(653)	-
Foreign exchange loss, net	-	(396)
SSF commitment fee (note 24)	(395)	-
Total finance expense	**(1'316)**	**(565)**

34. Income taxes

34.1 Income tax recognized in profit or loss

TCHF	2021	2020
CURRENT TAX		
Current tax expense for the current year	-	-
Adjustments in relation to the current tax of prior years	-	-
	-	**-**
DEFERRED TAX		
Deferred tax (income)/expense recognized in the current year	(820)	1'567
Adjustment to deferred tax attributable to changes in income tax rate	-	-
	(820)	**1'567**
Total income tax expense/(income) recognized in the current year	**(820)**	**1'567**

The following table provides a reconciliation between the income tax expense recognized for the year and the tax calculated by applying the applicable tax rates on the net result before income taxes.

TCHF	2021	2020
Loss before tax	(35'525)	(6'261)
Income tax expense calculated at 13.99% (2020: 13.99%)	(4'970)	(876)
Unrecognized deferred tax assets during the year	4'392	4'920
Previously unrecognized tax losses used	-	(163)
Effect of deferred tax balances due to difference in applicable tax rates	(178)	-
Effect of net (income)/expenses that are not added/(deductible) in determining taxable profit	(64)	(2'314)
Total income tax expense/(income) recognized in the current year	**(820)**	**1'567**

The applicable tax rate of the Group is 13.99% (2020: 13.99%), which is equal to the statutory tax rate of the holding company.

34.2 Income tax recognized in other comprehensive income

The remeasurement of the defined benefit obligation by TCHF 181 (note 21) led to a credit in the corresponding tax asset of TCHF 29 recognized in the statement of other comprehensive income.

34.3 Deferred tax balance

The following table sets out the changes in deferred tax assets and liabilities.

2021 TCHF	Opening balance	Business combination	Recognized in OCI	Recognized in profit or loss	Closing balance
Tax losses	-	615	-	591	1'206
Defined benefit obligation	-	272	(29)	4	247
Intangible assets	-	309	-	(29)	280
Financial instruments	-	40	-	(40)	-
Leases	-	3	-	1	4
Total deferred tax assets	**-**	**1'239**	**(29)**	**527**	**1'737**
Intangible assets	4'309	21'488	-	(293)	25'504
Total deferred tax liabilities	**4'309**	**21'488**	**-**	**(293)**	**25'504**

2020 TCHF	Opening balance	Recognized in profit or loss	Closing balance
Total deferred tax assets	**-**	**-**	**-**
Intangible assets	2'742	1'567	**4'309**
Total deferred tax liabilities	**2'742**	**1'567**	**4'309**

34.4 Unrecognized deferred tax assets

The Group did not capitalize deferred tax assets from carryforward tax losses located in companies of the Group for which the availability of future taxable profits is uncertain. The cumulated tax losses on which no deferred tax assets have been capitalized will expire as follows:

TCHF	2021	2020
Within one year	33'389	17'954
Later than one year and not later than five years	53'506	50'497
More than five years	49'466	56'036
Total tax losses carry forward	**136'361**	**124'487**

The deferred tax assets not recognized as of December 31, 2021, amounted to CHF 19 million (2020: CHF 17 million).

35. Share-based payments

The Company maintains a stock option plan established in 2021 (the "Stock Option Plan 2021"), as well as a legacy stock option plan (the "Equity Awards Program 2015") for which certain options remain outstanding. Stock option plans were established for the Company's employees, directors, and consultants whereby each option gives its holder the right to purchase one share of the Company at a pre-determined price. As of December 31, 2021, 121'874'275 shares were available for issuance of shares from the Company's conditional capital under the stock option plans. Stock options granted are subject to certain vesting conditions based on service period defined on an individual basis at grant date.

As of December 31, 2021, the Company had 68'650'697 options outstanding. The following table reconciles the stock options outstanding at the beginning and end of the year:

	2021	2020
At beginning of the year	**24'367'658**	**70'530'000**
Granted	62'200'000	21'963'383
Exercised[1]	(13'104'461)	(68'125'725)
Forfeited	(4'812'500)	-
At end of the year	**68'650'697**	**24'367'658**

[1] In 2021, the weighted average exercise price was CHF 0.015 (2020: CHF 0.021).

Share options outstanding at the end of the year 2021 and 2020 had the following expiry dates:

Expiration year	December 31, 2021	December 31, 2020
2021	-	6'854'461
2022	3'187'500	10'000'000
2023	100'000	100'000
2024	100'000	100'000
2025	100'000	250'000
2026	7'063'197	7'063'197
2027	22'300'000	-
2028	19'300'000	-
2029	16'500'000	-
	68'650'697	**24'367'658**
Weighted average remaining contractual life in months	76	32

Of the 68'650'697 share options at year end, 7'550'697 were exercisable as of December 31, 2021. The exercise prices ranged from CHF 0.01 to CHF 0.495.

The fair values of the options at the grant date have been assessed using the Black-Scholes valuation model and recognized over their vesting period. For options that vested upon grant, the fair value of the options was recognized at grant date. The weighted average fair value of options granted in 2021 was CHF 0.09 per option. Significant inputs into the model were share price at grant date between CHF 0.061 and CHF 0.269, exercise price between CHF 0.01 and 0.269, volatility of returns between 83% and 122% and a risk-free interest rate of 0%.

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

In 2021, TCHF 1'143 (2020: TCHF 1'048) was recorded in personnel expense with a corresponding credit to the share-based payment reserve (note 19).

36. Earnings per share

	2021	2020
Loss attributable to shareholders (in TCHF)	(34'705)	(7'828)
Weighted average number of shares	3'593'069'451	2'413'222'815
Basic and diluted loss per share (in CHF)	**(0.010)**	**(0.003)**

Basic and diluted result per share is calculated by dividing the net result attributable to the shareholders of the parent company by the weighted average of shares outstanding during the period. In 2021 and 2020, the number of shares outstanding varied as a result of different transactions on the share capital structure of the Company.

Neither outstanding options nor effects from the contingent consideration of APR acquisition (note 7) have not been considered in the calculation of the diluted loss per share as their effect is anti-dilutive.

The 2020 earnings per share amounts to CHF (0.005) when excluding the one-time disposal gain of TCHF 3'382 recognized in the statement of comprehensive loss for the comparative reporting period (note 8).

37. Financial instruments

37.1. Categories of financial instruments

December 31, 2021 TCHF	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial liabilities at FVTPL	Total
Other non-current assets	76	-	-	**76**
Trade receivables	1'302	-	-	**1'302**
Other current assets and receivables	2'094	-	-	**2'094**
Cash and cash equivalents	44'761	-	-	**44'761**
Total financial assets	**48'233**	-	-	**48'233**
Non-current lease liabilities	-	2'192	-	**2'192**
Non-current borrowings	-	396	-	**396**
Current lease liabilities	-	331	-	**331**
Current borrowings	-	95	-	**95**
Provisions for milestone payment	-	-	30'831	**30'831**
Trade payables	-	1'700	-	**1'700**
Financial liabilities due to related parties	-	1'250	-	**1'250**
Other current payables and liabilities	-	2'024	-	**2'024**
Total financial liabilities	**-**	**7'988**	30'831	**38'819**

December 31, 2020 TCHF	Financial assets at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Financial assets	185	-	-	**185**
Third party loan	-	399	-	**399**
Other current assets and receivables	-	65	-	**65**
Cash and cash equivalents	-	43'154	-	**43'154**
Total financial assets	**185**	**43'618**	**-**	**43'803**
Trade payables		-	1'432	**1'432**
Financial liabilities due to third parties		-	892	**892**
Other current payables and liabilities		-	1'860	**1'860**
Total financial liabilities		**-**	**4'184**	**4'184**

37.2 Reconciliation of liabilities arising from financing activities

			Non-cash changes				
2021 TCHF	Opening balance	Financing cash flows	Gain on settlement	Business Combination	Accrued interest	FX	Closing balance
Lease liabilities	-	(185)	-	2'719	-	(11)	**2'523**
Borrowings (note 20)	-	(5'366)	-	5'886	3	(32)	**491**
Due to third parties (note 23)	891	-	(891)	-	-	-	**-**
Due to related parties (note 24)	-	-	-	-	1'250	-	**1'250**
Total	**891**	**(5'551)**	**(891)**	**8'605**	**1'253**	**(43)**	**4'264**

			Non-cash changes					
2020 TCHF	Opening balance	Financing cash flows	Gain on settlement	Debt-Equity swap	Disposal of subsidiary	Accrued interest	FX	Closing balance
Financial liabilities due to third parties (note 23)	757	(648)	(104)	-	892	-	(6)	**891**
Financial liabilities due to related parties (note 24)	982	723	-	(1'723)	-	26	(8)	**-**
Total	**1'739**	**75**	**(104)**	**(1'723)**	**892**	**26**	**(14)**	**891**

37.3 Fair value measurement

Financial liabilities at fair value through profit and loss ("FVTPL") consist of contingent considerations resulting from business combinations. The fair value is measured based on the expected cash flows, the probability of occurrence and the current market interest rates. Refer to notes 7 and 22 for further details.

As of December 31, 2020, the Group held TCHF 185 of financial assets at fair value through profit or loss. These financial assets were quoted on the Nasdaq, and fair value was determined with reference to the market price in accordance with IFRS 9. They were considered level 1 financial instruments. As of December 31, 2021, the Group did not hold financial assets at fair value through profit or loss.

37.4 Amortized cost measurement

For all other financial assets and liabilities, their carrying amount at amortized cost approximates their fair value.

38. Financial risk management

The Group is exposed to various financial risks such as credit risk, liquidity risk and market risk (including interest rate and currency risk). The following sections provide an overview of the extent of the individual risks and the goals, principles and processes employed to handle these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations towards the Group, resulting in financial loss to the Group. For product sales and trade account receivables, Relief may conduct selective analysis of the creditworthiness of distributors and other customers. Other financial assets mainly consist of cash for which the counterparty risk is minimized by deposits at well-known banks in Switzerland with an A rating as per Standard & Poor's so that any expected credit loss is considered immaterial.

The carrying amounts of financial assets recorded in the financial statements represent the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Capital and liquidity risk

The Group's objectives when managing capital are to safeguard its ability to fund development and marketing activities in order to provide returns for shareholders and benefits for other stakeholders. The funds raised in various private financing rounds and public placements executed since the listing of the Company have been the principal source of liquidity, to date. Equity financing through placement of shares remains the expected main source of liquidity in the near-term.

Liquidity risk management implies maintaining sufficient cash and cash equivalents to meet the financial obligations of the Group. Management monitors the Group's net liquidity position through rolling forecasts of projected cash flows. Maintaining adequate cash reserves is dependent on the Group's ability to raise funds or generate profits; therefore, the liquidity risk is significant (see note 4.1 'going concern').

Interest rate risk

The Group is exposed to interest risk in respect of its cash deposits, bank loans and other interest-bearing liabilities. Cash deposits held in Swiss francs and Euros are subject to negative interest rates above certain thresholds defined by bank counterparties. The Group deems the interest rate risk as low on its performance and its equity.

Currency risk

The Group is exposed to foreign currency risk primarily through short-term cash deposits held in foreign currencies intended to fund operational expenditures in such currencies. To a lesser extent, the Group is also exposed to foreign currency risk through trade account receivables, other financial assets and trade payables, held or due in foreign currencies. The Group monitors its exposure by periodically assessing future spending needs in foreign currencies.

In light of the Group's foreign currency positions and assuming that all other variables remain unchanged, any change in the foreign exchange rates of USD/CHF and EUR/CHF resulting from a 5% increase/decrease in these foreign currencies against CHF would have an impact of TCHF 1'000/(1'000) on the Group's result for 2021 (2020: TCHF 652).

Based on the above sensitivity analysis and due to the fact that the cash balances in foreign currencies are held for settlement of expected invoices in these currencies, they are naturally hedged. The foreign currency risk is therefore limited to estimates' uncertainties.

During the years ended December 31, 2021 and 2020, the Group did not enter into any forward currency transactions. No derivative currency contracts were outstanding as of December 31, 2021 and 2020.

39. Related party transactions

Balances and transactions between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

39.1 Related party transactions

Related parties included members of the Board of Directors and the Executive Committee. The following transactions were carried out with related parties and recorded in the consolidated statement of comprehensive loss:

TCHF	2021	2020
Short-term employee benefits (including base and variable cash compensation)	2'759	570
Post-employment benefits	30	-
Share-based compensation	814	1'006
Total compensation for key management	**3'603**	**1'576**

There were no other related party transactions in the financial periods 2021 and 2020.

Further disclosures on Board and Executive committee compensation are provided in the compensation report.

39.2 Related party balances

As of December 31, 2021, the liability of TCHF 1'250 due to the shareholder GEM (note 24) was the only material related party balance. As of December 31, 2020, there were no related party balances.

40. Non-cash transactions

In 2021 and 2020, the Group entered into the following significant non-cash investing or financing activities which are not reflected in the consolidated statement of cash flow:

- In January 2021, recognition of the SSF commitment fee as a financial liability (note 24). In March 2021, payment of USD 14 million for the ACER-001 license partially settled by offsetting a loan of USD 4 million previously granted to Acer in January 2021 (note 4.1). In June 2021, acquisition of APR partially financed through a payment in shares (note 7). In July 2021, acquisition of AdVita entirely financed through a payment in shares (note 7).
- In August 2020, conversion of GEM's loans into equity. In April 2020, the payment of the loan of TUSD 250 provided by GEM to Relief was directly wired to NeuroRx as payment of 50% of the loan granted by Relief. Relief wired an additional TUSD 250 to NeuroRx. Relief, therefore, recorded a receivable from NeuroRx of TUSD 500 (TCHF 482) and a liability due to GEM of TUSD 250 (TCHF 241).

41. Contingent liabilities

41.1 License and collaboration agreement with Acer

Under the license and collaboration agreement with Acer, the Group has committed to make remaining milestone payments of up to USD 11 million (CHF 10 million) in cash upon the achievement of development and commercial milestones. The last development milestone payment was made in January 2022 for USD 5 million (CHF 4.6 million). USD 6 million (CHF 5.5 million) may become due upon certain regulatory approvals of ACER-001 in Europe. Further, Relief has agreed to pay royalties of 15% on future net revenue of ACER-001 in Relief's territories.

41.2 Business combination with APR

The acquisition contract of APR contains possible future contingent milestone payments in the aggregate maximum amount of up to CHF 35 million in a combination of cash and Relief common registered share, upon achievement of pre-agreed objectives. A provision of CHF 20.7 million was recognized to account for the probability-weighted present value at balance sheet date of these contingent payments (note 22).

41.3 Business combination with AdVita

The acquisition contract of AdVita contains possible future contingent milestone payments in the aggregate maximum amount of up to EUR 20 million (CHF 21.6 million) in cash upon achievement of pre-agreed objectives. A provision of CHF 10.2 million was recognized to account for the probability-weighted present value at balance sheet date of these contingent payments (note 22).

41.3 NeuroRx claim

In October 2021, Relief filed a lawsuit against NeuroRx for multiple breaches by NeuroRx of the collaboration agreement relating to the development and commercialization of RLF-100. In January 2022, NeuroRx filed a distinct lawsuit against Relief. Among other claims, NeuroRx claims Relief has not paid USD 13.8 million (CHF 12.6 million) for costs associated with clinical and formulation development of aviptadil in the U.S. and claims damages in excess of USD 185 million (CHF 168.6 million).

Relief believes that it has previously paid NeuroRx all that it is obligated to pay under the collaboration agreement and that it will prevail before the court. Since the entire amount claimed by NeuroRx is in dispute, no provision for any liability has been recognized as of December 31, 2021. The amount due to NeuroRx, if any, will depend on the resolution of the ongoing litigation, and there can be no assurance as to the amount, if any, that the Company might ultimately be obligated to pay to NeuroRx.

The Company's business and financial condition may be adversely affected by an adverse outcome in the litigation between the Company and NeuroRx.

42. Events after the reporting period

There were no material events after the balance sheet date that would require adjustment to these consolidated financial statements or disclosure under this heading.

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RELIEF THERAPEUTICS Holding SA
Geneva

Statutory auditor's report
Consolidated financial statements as of
December 31, 2021

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Report of the statutory auditor to the General Meeting of RELIEF THERAPEUTICS Holding SA, Geneva

Report on the audit of the Consolidated Financial Statements

Audit opinion

We have audited the consolidated financial statements of RELIEF THERAPEUTICS Holding SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 (pages 57 to 97), and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *"Auditor's Responsibility 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 and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, 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.

Key Audit Matters (based on the circular 1/2015 of the Federal Audit Oversight Authority)

- Assessment of potential impairment of the intangible assets
- Allocation of the APR and AdVita's purchase price
- Ongoing claims and litigations

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. 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.

Assessment of potential impairment of the intangible assets

Areas of focus

At December 31, 2021, the group owns three main intangible assets:

- Aviptadil project (compound RLF-100), whose carrying value is TCHF 81'516 (TCHF 30'800 at December 31, 2020). The variance during the fiscal year 2021 is related to the intangible assets related to this compound identified during the purchase price allocation of the AdVita group.

- ACER 001 licence, whose carrying value is TCHF13'729 (license agreement signed during the fiscal year 2021).

- APR product portfolio, whose carrying value is TCHF 88'396. This portfolio is related to the intangible assets identified during the purchase price allocation of the APR group.

We focused on their impairment review because the assumptions used to support the intangible asset values involve significant judgment on both, the probability of success of the development, plus the achievement of regulatory approval across indications, and the probability of success of the resulting product launches and market size.

Our audit response

We evaluated and challenged management's assumptions both individually and collectively.

We obtained the Group's carrying value calculation and assessed the key assumptions. Management has followed a documented process for drawing up future cash flow forecasts, which is subject to oversight and considerations by the Board of Directors.

With the support of our valuation specialists, we considered third party sources to challenge management's main assumptions and assessed the risk of impairment.

We discussed and challenged management's assumptions. We compared management's assumptions with the ones used in prior year. We also verified the mathematical accuracy of the future cash flows derived from Management's internally developed model.

As a result of our procedures we consider the valuation appropriate, we found that the assessment made by management was based upon reasonable assumptions, consistently applied.

For further information on Intangible assets, refer to the following:

- Note 9, « Intangible assets »

Allocation of the APR and AdVita's purchase price

Areas of focus

On June 28, 2021, the Group acquired the APR group for a total consideration transferred of TCHF 84'569. This transaction led to the recognition of goodwill of TCHF 8'658, after allocation of the purchase price to identifiable assets acquired and liabilities assumed at the acquisition date.

On July 27, 2021, the Group acquired the AdVita group for a total consideration transferred of TCHF 41'955. After allocation of the purchase price to identifiable assets acquired and liabilities assumed at the acquisition date, no remaining goodwill was identified.

These purchase price allocations are based on estimates of the fair value of assets acquired and liabilities assumed.

The Group commissioned independent experts to assist with the identification and valuation of APR and AdVita's main intangible assets and contingent liabilities.

We considered these purchase price allocations to be a key audit matter, as these acquisitions are major transactions of the fiscal year. Significant judgment is necessary by Group Management, notably to identify and determine the fair value of the various intangible assets acquired and contingent liabilities assumed.

Our audit response

To assess the reasonableness of the classifications and values adopted for the assets acquired and liabilities assumed under these acquisitions, our procedures notably consisted in, with the assistance of our experts:

- familiarizing ourselves with and assessing the methodology implemented by the Group and its independent experts to identify and determine the fair value of assets acquired and liabilities assumed;
- examining documentation of the transaction, to identify any contingent assets and liabilities not taken into account in the purchase price allocation;
- studying the valuation methods used by the Group and its independent experts to determine the fair value of intangible assets and contingent liabilities;
- performing a critical analysis of the appropriateness and reasonableness of valuation assumptions used, such as the discount rate, the revenue forecasts, the success to reach market approval, the expected return on assets, the royalty rates, the perpetual growth rate, the tax rates and tax depreciation rates.

We also assessed the appropriateness of the disclosures in the notes to the consolidated financial statements on the purchase price allocations.

For further information on the Allocation of the APR and Advita's purchase price, refer to the following:

- Note 7.1, « Acquisition of APR »
- Note 7.2, « Acquisition of AdVita »

Ongoing claims and litigations

Areas of focus	Our audit response
During our audit procedures, we noted that the company was subject to a certain number of disputes with some third parties, some of them leading to ongoing litigations. Given the level of uncertainty surrounding outstanding cases, judgement is also required to determine the potential outcome based on the facts and circumstances Management has in its possession.	We performed inquiries with Management to get an understanding of the different disputes and the ongoing litigations, we reviewed the minutes of meeting of the Board, and we also sent external confirmations to the law firms hired by the company to deal with the different ongoing cases. Based on the procedures performed above, we found that the assessment made by management was based upon reasonable assumptions, and the disclosure in the notes of the statutory financial statements consistently applied.

For further information on Ongoing claims and litigations, refer to the following:

- Note 41, « Contingent liabilities »

Other information in the annual report

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

Our opinion on the consolidated financial statements does not cover the other information in the annual report 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 in the annual report 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' responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS 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 Responsibility 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, ISAs and Swiss Auditing Standards 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1item 3 CO and Swiss Auditing Standard 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.

MAZARS SA

/s/ Franck Paucod

Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

/s/ Yoann Bois

Yoann Bois
Licensed Audit Expert

Geneva, March 30, 2022

STATUTORY FINANCIAL STATEMENTS

Statutory Financial Statements for the year ended December 31, 2021

BALANCE SHEET

AS OF DECEMBER 31, 2021, AND DECEMBER 31, 2020

in CHF	Note	2021	2020
ASSETS			
Cash and cash equivalents		37'433'683	31'560'622
Restricted cash		-	5'093'285
Other current receivables - third parties		275'838	60'352
Financial assets		-	185'239
Deferred costs and prepaid expenses	3	5'892'265	17'763
Current assets		**43'601'786**	**36'917'261**
Investments in subsidiaries	4	127'835'734	18
Other non-current receivables - third parties		-	391'972
Other non-current receivables - subsidiaries	5	7'869'731	6'717'559
Non-current deferred costs		439'498	-
Intangible assets	6	13'728'198	-
Property and equipment		12'446	-
Non-current assets		**149'885'607**	**7'109'549**
Total assets		**193'487'393**	**44'026'810**
LIABILITIES & SHAREHOLDERS' EQUITY			
Other current liabilities - third parties		407'582	2'598'742
Other current liabilities - related parties	7	1'250'000	-
Accrued expenses		1'074'254	878'760
Short-term provisions	8/21	11'561'107	-
Current liabilities		**14'292'943**	**3'477'502**
Long-term provisions	8/21	20'613'566	-
Non-current liabilities		**20'613'566**	**-**
Total liabilities		**34'906'509**	**3'477'502**
Share capital		44'133'346	32'467'272
General reserves		304'935'097	166'017'471
thereof capital contribution reserves		*304'918'592*	*166'000'966*
thereof other general reserves		*16'505*	*16'505*
Accumulated losses		(187'488'885)	(157'935'435)
loss carried forward		*(157'935'435)*	*(137'925'568)*
result of the period		*(29'553'450)*	*(20'009'867)*
Treasury shares		(2'998'674)	-
Total shareholders' equity	9	**158'580'884**	**40'549'308**
Total liabilities and shareholders' equity		**193'487'393**	**44'026'810**

INCOME STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2021, AND DECEMBER 31, 2020

in CHF	Note	2021	2020
Other income	12	102'493	656'680
Personnel expenses		(3'697'026)	(1'186'365)
Professional fees	13	(3'278'366)	(1'711'040)
Other operating expenses	14	(9'895'024)	-
Other administrative expenses	15	(352'270)	(820'877)
EBITDA		**(17'120'193)**	**(3'061'602)**
Impairment of loans	16	(12'565'232)	(15'521'154)
Operating result		**(29'685'425)**	**(18'582'756)**
Financial income		108'338	6'714
Financial expense	17	(641'172)	(1'359'800)
Net exchange differences		(393'232)	(409'987)
Extraordinary income	18	1'058'041	335'962
Net loss before taxes		**(29'553'450)**	**(20'009'867)**
Income tax expense		-	-
Net loss for the period		**(29'553'450)**	**(20'009'867)**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

RELIEF THERAPEUTICS Holding SA ("Relief" or the "Company") is a Swiss stock corporation domiciled at 15 Avenue de Sécheron, 1202 Geneva, Switzerland. The Company's shares are listed on the SIX Swiss Exchange (ticker: RLF) and quoted in the U.S. on the OTCQB (ticker: RLFTF).

The Company has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS). In accordance with the Swiss Code of Obligations (art. 961d para. 1), the Company decided to forgo presenting additional information on interest-bearing financial liabilities and audit fees in the notes as well as a cash flow statement.

These statutory financial statements were approved for issuance by the Board of Directors on March 30, 2022.

2. Significant accounting policies

Basis of preparation of the financial statements

These financial statements are prepared in accordance with the provisions of Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting principles applied are described below.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The financial statements have been prepared on a going concern basis.

Cash

Cash balance is freely available cash deposited with banks.

Investments in and loans to subsidiaries

The Company funds the research and development operations and working capital needs of its subsidiaries through loans and direct investments. Investments in subsidiaries include those companies in which the Company has an interest of more than 20%. The investments are valued at acquisition cost less valuation allowances. The acquisition cost includes expenses in connection with the acquisition.

The Company reviews the carrying amounts of its investments and loans for impairment at least annually. The recoverability of the loans and the value of the investments depend on uncertain factors such as the completion of development and commercialization outcome of Relief's existing and future products.

Intangible assets

Licenses 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. The estimated useful life of the intangible assets is regularly reviewed and, if necessary, the future amortization charge is accelerated.

Other assets and liabilities

Unless otherwise stated, all other assets and liabilities are carried at their nominal values.

Treasury shares

Own shares are recognized at cost and deducted from equity. Any gains or losses realized upon disposal are recorded in equity.

Net exchange difference

Monetary items denominated in foreign currencies are converted at year-end exchange rates. Realized exchange gains and losses, as well as all unrealized exchange losses arising on settlement or translation of monetary items, are recorded as net exchange difference. Net unrealized gains on non-current assets and liabilities are deferred in non-current liabilities.

Changes in accounting principles and reclassifications

In the comparative period, an amount of CHF 775'419 has been reclassified from 'Other income' to 'Professional fees' to conform with the current period presentation. The reclassification relates to certain expenses incurred by the Company and passed through to its subsidiaries. Relief elected in 2021 to recognize the related intercompany income against the expenses to reflect the current economic conditions of the transactions. The reclassification has not changed the net result of the comparative period.

In the previous periods, transaction costs of equity transactions have been expensed to the income statement. From the period 2021 and onwards, such costs are accounted for as a deduction from equity.

Going concern

These financial statements are prepared on a going concern basis. The Company and its subsidiaries (together, the "Group") maintain liquidity forecasts and monitor their ability to continue as a going concern. The viability of the Group is dependent on its ability to start generating recurring positive cash flows to adequately support its operations. The Group may never achieve sustainable profitability and is exposed to all the risks inherent in establishing a business. Since its inception, the Group has primarily relied on share issuances to finance its cash needs. The ability of the Group to raise money and fund its long-term operations is uncertain. If the Group is unable to obtain the required financing, it may be unable to continue its operations, realize its assets and discharge its liabilities.

3. Deferred costs and prepaid expenses

in CHF	December 31, 2021	December 31, 2020
Current deferred costs	415'525	-
Prepaid expenses	5'476'740	17'763
Total	**5'892'265**	**17'763**

As of December 31, 2021, prepaid expenses mainly comprised a prepayment to Acer Therapeutics Inc. (note 6).

4. Investments in subsidiaries

As of December 31, 2021 and 2020, RELIEF THERAPEUTICS Holding SA held the following direct subsidiaries:

			Ownership	
	Domicile	**Share Capital**	**2021**	**2020**
Relief Therapeutics International SA	Geneva (CH)	CHF 338'364	100%	100%
Relief Therapeutics US, Inc.	New York (U.S.)	USD 1	100%	100%
Relief Therapeutics, Inc.	New York (U.S.)	USD 1	100%	100%
APR Applied Pharma Research SA	Balerna (CH)	CHF 640'596	100%	-
AdVita Lifescience GmbH	Freiburg im Breisgau (DE)	EUR 25'918	100%	-

In 2021, the Company acquired APR Applied Pharma Research SA ("APR") against a cash payment of CHF 21'500'000 million and 206'786'784 Relief common shares and AdVita Lifescience GmbH ("AdVita") against a payment of 135'741'063 Relief common shares. As further detailed in note 21, APR's and AdVita's former shareholders are eligible to receive additional contingent payments upon achievement of pre-agreed milestones.

The acquisition costs recognized on the balance sheet were CHF 85'851'190 for APR and CHF 41'984'525 for AdVita, calculated as the sum of (i) the cash payment, if any, (ii) the fair value of the transferred shares at closing date, (iii) the acquisition-related costs, and (iv) the fair value at balance sheet date of milestone payments.

The Company recognized its investments on its balance sheet as follows:

in CHF	December 31, 2021	December 31, 2020
Investments in subsidiaries	128'174'098	338'382
Allowance for impairment	(338'364)	(338'364)
	127'835'734	**18**

5. Other non-current receivables - subsidiaries

in CHF	December 31, 2021	December 31, 2020
Loans to subsdiairies	57'555'678	44'236'785
Impairment on loans	(49'685'947)	(37'519'226)
Total	**7'869'731**	**6'717'559**

As of December 31, 2021, subordinated loans to subsidiaries amounted to CHF 38 million (2020: CHF 38 million).

6. Intangible assets

Intangible assets are currently solely comprised of the ACER-001 license. In March 2021, Relief entered into a license and collaboration agreement with Acer Therapeutics Inc. for the development, regulatory approval and commercialization of ACER-001 throughout the world.

The initial payment of CHF 13'728'198 for the acquisition of the license was capitalized as an intangible asset and will be amortized over its useful life once regulatory and marketing approvals are obtained. Additional payment paid and to be paid by Relief to Acer Therapeutics Inc. for development activities are recognized as a prepayment in the balance sheet upon payment and released to the income statement over the period of the development activity as incurred.

7. Liabilities due to related parties

The Company signed in January 2021 a financing agreement with the Company's main shareholder, Gem Global Yield LLC ("GEM"), for the implementation of a new Share Subscription Facility ("SSF") in the amount of up to CHF 50 million until January 20, 2024. The Company agreed to pay GEM a commitment fee of CHF 1'250'000, payable upon proceeds from the first drawdowns or on January 20, 2022. The Company did not draw on the SSF during the reporting period. The liability did not bear interest in 2021. From January 21, 2022, the liability bears interest at 1% per annum above the base rate of Barclays Bank PLC and is repayable on demand.

As the obligation to pay the commitment fee arose with the execution of the agreement, the Company immediately recorded the commitment fee as a liability. The corresponding expense is recognized as financial expense over the SSF commitment period of three years ending January 20, 2024.

8. Provisions

in CHF	December 31, 2021	December 31, 2020
Contingent liabilities from business acquisitions	30'831'799	-
Personnel's end of service indemnities	1'242'874	-
Legal and regulatory proceedings	100'000	-
Total provisions	**32'174'673**	**-**
Current	11'561'107	-
Non-current	20'613'566	-

9. Shareholders' equity

in CHF	Share capital	General reserves	Accumulated losses	Treasury shares	Total shareholders' equity
Equity at January 1, 2020	**21'139'193**	**117'288'557**	**(137'925'567)**	**-**	**502'182**
Share Subscription Facility	2'400'000	46'815'600			49'215'600
Debt to Equity conversion	580'236	1'143'065			1'723'301
Exercise of warrants	7'666'587	46'000			7'712'587
Exercise of stock options	681'256	724'249			1'405'505
Net result for the period			(20'009'867)		(20'009'867)
Equity at December 31, 2020	**32'467'272**	**166'017'471**	**(157'935'435)**	**-**	**40'549'308**
Issuance of shares	11'535'029			(11'535'029)	-
Private placements		23'871'120		1'128'880	25'000'000
Direct Share Placement		46'905'262		3'982'197	50'887'459
Acquisition payments		70'979'042		3'425'278	74'404'320
Exercise of stock options	131'045	70'000			201'045
Capital increase cost		(2'907'798)			(2'907'798)
Net result for the period			(29'553'450)		(29'553'450)
Equity at December 31, 2021	**44'133'346**	**304'935'097**	**(187'488'885)**	**(2'998'674)**	**158'580'884**

Issued share capital

As of December 31, 2021, the total outstanding share capital consisted of 4'413'334'617 fully paid common shares with a par value of CHF 0.01 each, listed on the SIX Swiss Exchange.

Authorized share capital

As of December 31, 2021, the Company had authorized share capital of CHF 6'564'970.92, consisting of 656'497'092 shares (2020: 1'250'000'000 shares) with a par value of CHF 0.01 each, which the Board of Directors is authorized to issue at any time until June 17, 2023, in accordance with the Company's Articles of Association.

Conditional share capital

The conditional share capital of the Company as of December 31, 2021, was CHF 16'848'742.75, consisting of 1'684'874'275 shares (2020: 375'215'608) with a par value of CHF 0.01 each, of which 121'874'275 (2020: 121'874'275) to be used for stock options for members of the Board of Directors and the Executive Committee, employees and consultants, and 1'563'000'000 shares (2020: 253'341'333) to be used for the exercise of option rights granted in connection with bonds, notes or similar debt instruments issued by the Company. The Company maintains a stock option plan established in 2021 (the "Stock Option Plan 2021") and a legacy stock option plan (the "Equity Awards Program 2015") for which certain options remain outstanding. Stock option plans were established for the Group's employees, directors, and consultants whereby each option gives its holder the right to purchase one share of the Company at a pre-determined price. When options are exercised, the corresponding shares are issued from the Company's conditional capital.

Treasury shares

The Company periodically issues treasury shares out of its authorized share capital. The shares are fully subscribed at par value by a Company's wholly owned subsidiary and held as treasury shares until subsequent placements.

Relief initiated in 2021 its Direct Share Placement ("DSP") program in order to diversify its funding sources and raise capital in a cost-efficient and flexible manner. Under such program, the Company issues shares out of its authorized capital to constitute and monetize its treasury shares reserve with direct sales on the open market at the share price prevailing at the date of the settlement.

Information on the Company's treasury shares transactions are provided in the table above. The average transaction price in the placement of treasury shares in 2021 was CHF 0.18. As of December 31, 2021, the Company held 299'867'357 of its own shares in treasury.

Outstanding options

As of December 31, 2021, the Company had 68'650'697 options outstanding that were granted in connection with the Company's share option plans. 7'550'697 options were exercisable and 61'100'000 options had a remaining vesting period of up to 3 years. During 2021, 62'200'000 options were granted, 13'104'461 options were exercised and 4'812'500 options were forfeited.

As of December 31, 2020, the Company had 24'367'658 options outstanding that were granted in connection with the legacy share option plan: 23'917'658 options were exercisable, and 450'000 options had a remaining vesting period of approximately 3 to 4 years. During 2020, 21'963'383 options were granted, 68'125'725 options were exercised and no options were forfeited.

10. Significant shareholders

According to disclosure notifications filed with the Company and the SIX, the following shareholders held more than 3% of the registered share capital of the Company:

	December 31, 2021	December 31, 2020
GEM Global Yield LLC SCS	26.32%	42.33%
APR's sellers group	4.70%	-
Relief (treasury shares)	6.79%	-

The ownership percentages in the table above are based on (i) the number of shares held by such shareholder or group of shareholders, excluding any derivative holdings, and (ii) the share capital registered with the Commercial Register, at the date of notification filing.

11. Shares owned by and options granted to the Board of Directors and the Executive Committee

The following table discloses the number of shares and options held by the members of the Board of Directors and the Executive Committee as of December 31, 2021 and 2020.

	December 31, 2021	December 31, 2020
Shares held by members of the Board of Directors	**Number of shares**	**Number of shares**
Patrice Jean, Director since June 2021	140'000	
Paolo Galfetti, Director and President of Relief Europe since June 2021	18'250'174	
Thomaz Burckhardt, Director until February 2021		10'845'725
Shares held by the Executive Committee		
Jack Weinstein, Chief Financial Officer	135'000	-
Jeremy Meinen, VP Finance and Chief Accounting Officer since December 2021	140'655	
Options held by members of the Board of Directors	**Number of options**	**Number of options**
Raghuram Selvaraju, Chairman	8'963'197	7'063'197
Thomas Plitz, Vice-Chairman	1'500'000	-
Patrice Jean, Director since June 2021	200'000	
Paolo Galfetti, Director and President of Relief Europe since June 2021	12'500'000	
Options held by the Executive Committee		
Jack Weinstein, Chief Financial Officer	18'600'000	100'000
Nermeen Varawalla, Chief Medical Officer since December 2021	3'000'000	
Marco Marotta, Chief Business Officer since December 2021	1'500'000	
Jeremy Meinen, VP Finance and Chief Accounting Officer since December 2021	1'100'000	
Chris Stijnen, Chief Commercial Officer until November 2021		250'000

Compensation for the members of the Board of Directors and the Executive Committee is disclosed in the Compensation Report.

12. Other income

in CHF	2021	2020
Intragroup services	102'493	169'320
Gain on divestment proceeds	-	487'360
Total	**102'493**	**656'680**

13. Professional fees

in CHF	2021	2020
Accounting, legal and consulting expenses	2'364'054	1'099'808
Listing, share register, PR/IR expenses	914'312	611'232
Total	**3'278'366**	**1'711'040**

14. Other operating expenses

in CHF	2021	2020
Expense recognition of ACER-001 development prepayments	8'505'099	-
Other development, regulatory and service expenses	1'389'925	-
Total	**9'895'024**	**-**

15. Other administrative expenses

in CHF	2021	2020
Stamp tax[1]	-	604'795
Capital tax	163'742	154'428
Other	188'528	61'655
Total	**352'270**	**820'877**

[1] In 2021, stamp tax expenses of CHF 762'943 are accounted for as a deduction from equity.

16. Impairment of loans

in CHF	2021	2020
Impairment of loans to subsidiaries	12'166'721	15'471'154
Impairment of loans to third parties	398'511	50'000
Total	**12'565'232**	**15'521'154**

17. Financial expense

in CHF	2021	2020
Realized and unrealized losses on financial assets	53'639	1'194'751
Interest on liabilities due to third parties	-	4'055
Interest on liabilities due to related parties	-	25'753
Negative interest on bank accounts	130'622	67'848
Bank fees	61'934	67'393
SSF commitment fee	394'977	-
Total	**641'172**	**1'359'800**

18. Extraordinary income

in CHF	2021
Write-off of a liability due to a former subsidiary of the Company	890'191
Write-off of old liabilities	167'850
Total	**1'058'041**

	2020
Write-off of a liability due to a former subsidiary of the Company	127'856
Reimbursement from a vendor for services settled through stock options	104'057
Favorable settlement agreement of a loan due to a former subsidiary of the Company	104'049
Total	**335'962**

19. Full-time positions

The annual average number of full-time equivalents was less than 10 in both the reported financial year and the previous year.

20. Amounts due to pension funds

As of December 31, 2021 and 2020, there were no amounts due to pension funds.

21. Contingent liabilities

License and collaboration agreement with Acer

Under the license and collaboration agreement with Acer Therapeutics Inc., the Company has committed to make remaining milestone payments of up to USD 11 million (CHF 10 million) in cash upon the achievement of development and commercial milestones. The last development milestone payment was made in January 2022 for USD 5 million (CHF 4.6 million). USD 6 million (CHF 5.5 million) may become due upon certain regulatory approvals of ACER-001 in Europe. Further, Relief has agreed to pay royalties of 15% on future net revenue of ACER-001 in Relief's territories.

Acquisition milestone payments

The acquisition contract of APR contains possible future contingent milestone payments in the aggregate maximum amount of up to CHF 35 million in a combination of cash and Relief common registered share, upon achievement of pre-agreed objectives. A provision of CHF 20.7 million was recognized to account for the probability-weighted present value of these contingent payments.

The acquisition contract of AdVita contains possible future contingent milestone payments in the aggregate maximum amount of up to EUR 20 million (CHF 21.6 million) in cash upon achievement of pre-agreed objectives. A provision of CHF 10.2 million was recognized to account for the probability-weighted present value of these contingent payments.

NeuroRx claim

The Company and its subsidiary Relief Therapeutics International SA are in litigation with NeuroRx, Inc. ("NeuroRx") in relation with the development and commercialization of one of the medical compounds of the Group. Among other claims, NeuroRx claims the Group has not paid USD 13.8 million (CHF 12.6 million) for costs associated with clinical and formulation development and claims damages in excess of USD 185 million (CHF 168.6 million). Relief believes that it has previously paid NeuroRx all that it is obligated to pay under the collaboration agreement and that it will prevail before the court. Since the entire amount claimed by NeuroRx is in dispute, no provision for any liability has been recognized as of December 31, 2021. The amount due to NeuroRx, if any, by the Company and/or its subsidiary, will depend on the resolution of the ongoing litigation, and there can be no assurance as to the amount, if any, that the Group might ultimately be obligated to pay to NeuroRx. The Company's business and financial condition may be adversely affected by an adverse outcome in the litigation between the Group and NeuroRx.

Regulatory proceeding

On June 10, 2021, SIX Exchange Regulation initiated an investigation against the Company due to a potential violation of the rules on ad-hoc publicity. As part of the investigation, SIX Exchange Regulation AG is examining whether there has been an actual violation of the regulations. A provision of CHF 100'000 is recorded on the balance sheet at December 31, 2021.

Patronage agreement

There is an unlimited patronage agreement in favor of a subsidiary. To date the Company has not been required to make payments under this agreement and does not expect any potential future payments to be material.

22. Significant events after the balance sheet date

There were no material events after the balance sheet date that would require adjustment to these financial statements or disclosure under this heading.

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RELIEF THERAPEUTICS Holding SA
Geneva

Report on the audit of
The financial statements as of
December 31, 2021

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Report of the statutory auditor to the General Meeting of RELIEF THERAPEUTICS Holding SA, Geneva

Report on the audit of the Financial Statements

Audit opinion

We have audited the financial statements of RELIEF THERAPEUTICS Holding SA, which comprise the balance sheet as at December 31, 2021 and the income statement and notes for the year then ended.

In our opinion the accompanying financial statements (pages 105 to 115) as at December 31, 2021 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 Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the entity 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.

Key Audit Matters (based on the circular 1/2015 of the Federal Audit Oversight Authority)

- Assessment of potential impairment of the investments in subsidiaries
- Ongoing claims and litigations

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

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Assessment of potential impairment of the investments in subsidiaries

Areas of focus

As of December 31, 2021, investments in subsidiaries were recorded in assets for a net carrying amount of TCHF 127'835, representing 66.0% of total assets. The investments are valued at acquisition cost less valuation allowances. The acquisition cost includes expenses in connection with the acquisition. These investments are mainly related to the two acquisitions of the fiscal year 2021:

- On June 28, 2021, the Group acquired the APR group for a total acquisition's costs of TCHF 85'851,
- On July 27, 2021, the Group acquired the AdVita group for a total acquisition's costs of TCHF 41'984.

As indicated in the "Accounting policies" note to the financial statements, the Company reviews the carrying amounts of its investments at least annually. The recoverability of the value of the investments depends on uncertain factors such as the completion of development and commercialization outcome of Relief's existing and future products.

We considered the impairment of investments in subsidiaries to be a key audit matter, given their weight on the balance sheet, the level of estimates and judgments used by Management and the sensitivity of the inventory values to changes in forecast assumptions.

Our audit response

We evaluated and challenged management's assumptions both individually and collectively.

We obtained the Group's carrying value calculation and assessed the key assumptions. Management has followed a documented process for drawing up future cash flow forecasts, which is subject to oversight and considerations by the Board of Directors.

With the support of our valuation specialists, we considered third party sources to challenge management's main assumptions and assessed the risk of impairment.

We discussed and challenged management's assumptions. We compared management's assumptions with the ones used in prior year. We also verified the mathematical accuracy of the future cash flows derived from Management's internally developed model.

As a result of our procedures we consider the valuation appropriate, we found that the assessment made by management was based upon reasonable assumptions, consistently applied.

For further information on the Assessment of potential impairment of the investments in subsidiaries, refer to the following:

- Note 2, « Significant accounting policies » - « Investments in and loans to subsidiaries"
- Note 4, « Investments in subsidiaries »

Ongoing claims and litigations

Areas of focus	Our audit response
During our audit procedures, we noted that the company was subject to a certain number of disputes with some third parties, some of them leading to ongoing litigations. Given the level of uncertainty surrounding outstanding cases, judgement is also required to determine the potential outcome based on the facts and circumstances management has in its possession.	We performed inquiries with Management to get an understanding of the different disputes and the ongoing litigations, we reviewed the minutes of meeting of the Board, and we sent external confirmations to the law firms hired by the company to deal with the different ongoing cases. Based on the procedures performed above, we found that the assessment made by management was based upon reasonable assumptions, and the disclosure in the notes of the statutory financial statements consistently applied.

For further information on Ongoing claims and litigations, refer to the following:

- Note 21, « Contingent liabilities »

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Board of Directors' responsibility 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility 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 Swiss Auditing Standards 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.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1item 3 CO and Swiss Auditing Standard 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.

We draw attention to the fact that half of the share capital and the legal reserves is no longer covered (article 725 para. 1 CO).

MAZARS SA

/s/ Franck Paucod

Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

/s/ Yoann Bois

Yoann Bois
Licensed Audit Expert

Geneva, March 30, 2022

Enclosure:

- Financial statements (balance sheet, income statement and notes)