RELIEF
THERAPEUTICS

PROVIDING RELIEF TO PATIENTS WITH RARE DISEASES

ANNUAL REPORT
2023

RELIEF
THERAPEUTICS

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2023 – 2024 TO DATE HIGHLIGHTS AND KEY MILESTONES

NEWS & HIGHLIGHTS

2023

JANUARY

Relief Therapeutics **announced institutional review board (IRB) approval** for the protocol of an IIT to evaluate **RLF-TD011**, a patent-protected hypochlorous acid topical spray, as an adjunctive treatment for patients diagnosed with cutaneous t-cell lymphoma.

FEBRUARY

Relief Therapeutics **provided an update on its financing strategy,** including the Company's decision to voluntarily withdraw its Registration Statement on Form F-1 previously filed with the SEC in order to explore alternative options for financing.

Relief Therapeutics **announced the first three patients were enrolled** in a proof-of-concept IIT to evaluate **RLF-TD011**, a self-administered, sprayable solution enabling targeted application while avoiding skin contact and cross-contamination, as a potential treatment for epidermolysis bullosa (EB).

Relief Therapeutics **recognized Rare Disease Day 2023 and announced the U.S. availability** of new **PKU GOLIKE BARS®**, a medical food for the dietary management of PKU.

MARCH

Acer **provided an update on the commercial launch activities** for **OLPRUVA™ (sodium phenylbutyrate; ACER-001)** for oral suspension, noting progress with the build out of its commercial and medical affairs teams to support the U.S. commercial launch in Q2 2023, and drug availability anticipated by early July 2023.

Relief Therapeutics **announced the availability** of new **PKU GOLIKE BARS®** flavors in Europe.

Relief Therapeutics **announced the results of pre-clinical research** evaluating the metabolic impact of **PKU GOLIKE®** on nitrogen balance, muscle strength and glucose, with data presented in a poster session at the Society for Inherited Metabolic Disorders (SIMD) 44th Annual Meeting.

Acer **announced results from a survey of UCD healthcare providers** identifying preferred UCD treatment attributes that were presented at SIMD. The data showed taste and odor are the most important attributes when considering treatment options and adherence.

APRIL

World-renowned gene therapy pioneer Guangping Gao, Ph.D. was **appointed as the chair of Relief Therapeutics' newly formed scientific advisory board** (SAB).

Relief Therapeutics **announced an executive leadership team change** with the departure of Nermeen Varawalla, M.D., Ph.D., chief medical officer.

Relief Therapeutics **announced full-year 2022 financial results and provided a corporate update**.

Relief Therapeutics **announced positive 12-month stability data** for inhaled and intravenous preparations of **RLF-100®**.

Relief Therapeutics **announced the results of its extraordinary meeting of shareholders**.

MAY

Acer Therapeutics announced that the **OLPRUVA™ commercial launch was progressing ahead of schedule**.

Relief Therapeutics **announced the implementation timeline for a reverse split of its ordinary shares**.

Relief Therapeutics **announced Swissmedic approval and operation of a new good manufacturing practice-compliant laboratory**.

JUNE

Relief Therapeutics **announced the results of its annual general meeting of shareholders**.

Relief Therapeutics **announced closing of a CHF 5 million private placement**.

Relief Therapeutics and World Orphan Drug Alliance **announced an exclusive, long-term distribution agreement to introduce PKU GOLIKE® in the Middle East**.

JULY

Relief Therapeutics **announced extension of distribution agreement for PKU GOLIKE® in the U.S. with Pentec Health**. Subsequently, Pentec Health announced its acquisition of ZOIA Pharma.

AUGUST

Relief Therapeutics and Acer Therapeutics **announced a new exclusive definitive licensing agreement** for the development and commercialization of **OLPRUVA™** for the treatment of certain UCDs and other potential indications, superseding the **March 2021** collaboration and license agreement between the companies. Subsequently, Acer announced that it was acquired by Zevra Therapeutics, Inc.

SEPTEMBER

Relief Therapeutics **reported its financial results for the half-year ended June 30, 2023 and provided a corporate update**. The Company also announced that it had discontinued its genetic medicine activities and dissolved the recently formed scientific advisory board.

NOVEMBER

Relief Therapeutics announced that its former chief executive officer was stepping down as part of a leadership transition. The Company reported **that Michelle Lock, a highly experienced pharmaceutical executive and member of Relief's Board of Directors, was assuming the role of CEO on an interim basis**.

DECEMBER

Relief Therapeutics **announced its intent to progressively transition from a direct marketing and sales infrastructure for its commercial-stage assets to a partnership-based model**, enabling more efficient patient access through leveraging external expertise and infrastructure.

2024 Post Reporting Period: Highlights to Date

FEBRUARY

Relief Therapeutics **announced the renewal of its CHF 50 million Share Subscription Facility agreement** with Global Emerging Market (GEM) for an additional three-year period.

MARCH

Relief Therapeutics **announced it has granted an exclusive license for the commercialization of GOLIKE® family of products in the United States to Eton Pharmaceuticals, Inc.** (Nasdaq: ETON).

APRIL

Relief Therapeutics announced **the results of its extraordinary meeting of shareholders**.

A MESSSAGE TO OUR SHAREHOLDERS

RELIEF
THERAPEUTICS

A MESSAGE TO OUR SHAREHOLDERS

As the prevalence of serious and rare diseases continues to rise, addressing and curing these conditions remains a global healthcare challenge. At Relief, we are unwavering in our commitment to develop medicines that will lead to improved outcomes for patients in selected rare diseases areas.

Our goal is to Discover new business opportunities by continually innovating and exploring, further Develop our clinical pipeline, and ensure the Delivery of medicines to those in need. In doing so, we are dedicated to maintaining a lean organization, supported by a strong and experienced leadership team able to deliver growth by effectively prioritizing our activities and managing our partnerships tightly.

Our portfolio ranges from marketed, revenue-generating products to those still in the development phase. It includes a diversified pipeline of risk-mitigated assets, optimized for improvements in efficacy, safety, or convenience, which are set to benefit the lives of patients suffering from rare dermatology, metabolic and pulmonary disorders.

KEY ADVANCEMENTS IN 2023

As the external environment has rapidly evolved, we at Relief have also undergone a number of transitions throughout 2023 and 2024. Our management team has been heavily focused on reassessing the strategic priorities of the organization. These assessments have resulted in several changes to our operating models, affecting both how we commercialize our products and the prioritization of our development plans.

Our focus on the rare dermatology disease area has accelerated given the high unmet medical needs and the limited treatment options available for patients. Our core development efforts are now targeted towards RLF-TD011, a patent-protected hypochlorous acid topical spray developed with our TEHCLO™ Nanotechnology platform, specifically for dermatological conditions. Primarily, we are focusing on epidermolysis bullosa (EB), a devastating rare, inherited skin disease characterized by widespread, painful, chronic wounds that easily become infected, significantly increasing the risk of sepsis and death. In the U.S., RLF-TD011 has been granted Orphan Drug Designation by the FDA for the treatment of EB.

We have reoriented our rare metabolic business model from direct commercialization, which involved costly infrastructures, to a commercial partnered model that allows deeper reach into the impacted communities. To date, we have successfully partnered our GOLIKE family of

products to Eton Pharmaceuticals in the U.S. and anticipate announcing partnerships for certain key European markets shortly. We will continue to expand our GOLIKE franchise with the development of life cycle management products.

Supported by our breadth of development experience in the rare metabolic disorder field, we remain focused on accelerating the development of RLF-OD032, a liquid formulation of Sapropterin dihydrochloride with a unique profile, and will assess partnership opportunities for its commercialization.

OLPRUVA® continues its launch trajectory in the U.S. with our partner Zevra Therapeutics. We are also exploring partnering opportunities globally to accelerate the development of our rare respiratory assets.

Following these strategic shifts, we have successfully reduced our cash burn rate and, thanks to the proceeds from out-licensing already secured within 2024, we expect our financial runway will carry our development programs to 2026. We will also continue to evaluate ways to access non-dilutive capital to support our key priorities.

PROPELLING THE COMPANY FORWARD

When I stepped into the role of interim chief executive officer in November 2023, I did so with a clear belief in the opportunities that lay ahead for the Company. While we operate in an increasingly complex environment, I am confident in our dedicated teams' ability to propel this Company into the future.

Lastly, I would like to acknowledge all the people who make it possible to bring new treatments to our patients. Our colleagues at Relief are working tirelessly every day to transform patients' lives with our innovative medicines. I also want to recognize our patients and caregivers for their relentless search and commitment to new treatment options, as well as our physicians, nurses and medical teams who collaborate with us on our journey of discovering, developing, and delivering new treatments to patients with rare diseases. It is an honor to work alongside such dedicated individuals, and I'm looking forward to our journey through 2024.

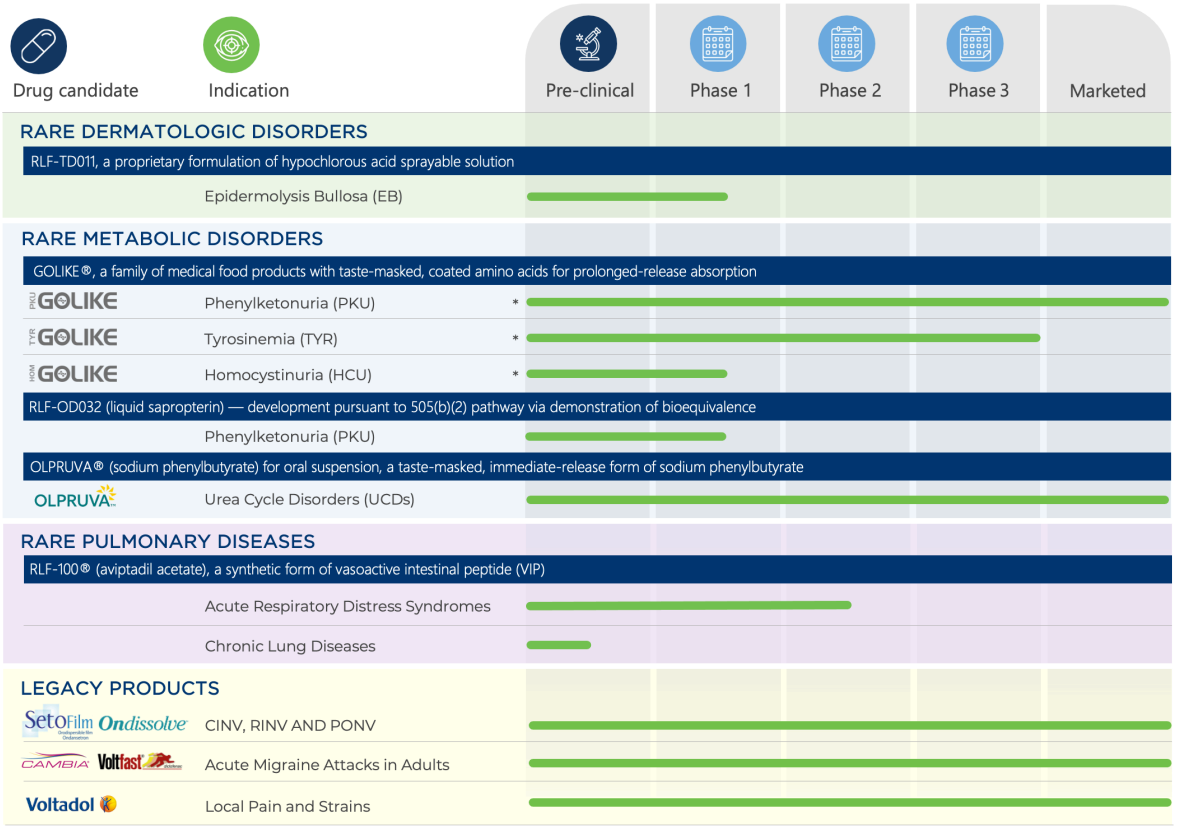
Regards,

Michelle Lock
Interim Chief Executive Officer
Relief Therapeutics

PORTFOLIO & PIPELINE

PRODUCT PORTFOLIO AND PIPELINE

Relief Therapeutics' portfolio consists of a balanced mix of marketed, revenue-generating products and globally patented drug delivery platform technologies. Our pipeline spans three core therapeutic areas: rare dermatologic disorders, rare metabolic disorders, and rare respiratory diseases.



* GOLIKE product lines, as foods for special medical purposes, are not subject to the traditional drug development and approval process. Consequently, they do not undergo the phase development stages as illustrated. The progression visualization is intended solely for indicative purposes and should not be interpreted as a regulatory pathway.

RARE DERMATOLOGIC DISORDERS

The Company is committed to developing product candidates in rare dermatological disorders which it believes is an area of high unmet need where its developmental expertise and platform technology offer the opportunity to improve patient outcomes and quality of life. RLF-TD011 is being studied for the treatment of epidermolysis bullosa where patients have relatively few optimal treatment options.

TEHCLO™ NANOTECHNOLOGY

The TEHCLO Nanotechnology platform (TEHCLO) used in the development of RLF-TD011, is our proprietary, globally patented technology. Characterized by its nanocoated electrodes, this technology enables the production of a highly stable electrolytic water resulting in a hypochlorous acid solution that is low in pH, isotonic, and oxidizing.

Our TEHCLO intellectual property portfolio consists of three patent families. The first two families include 40 granted patents worldwide directed to systems and methods for generating our hypochlorous acid solutions. These patents expire between October 2026 and February 2030, exclusive of any patent term adjustments or extensions, or any form of potential exclusivity. A third patent family will cover certain medical uses, and if granted, will expire no earlier than July 2040.

Epidermolysis Bullosa (EB)

Epidermolysis bullosa (EB) is a group of rare, genetic skin disorders which cause the skin to blister and tear from minimal contact or friction. There are several genetic and symptomatic variations of the disease, yet all types have the symptom of exceedingly fragile skin. Individuals born with EB have skin of such fragility they are often referred to as 'butterfly children', a metaphor that highlights the extreme delicacy of their skin, akin to the wings of a butterfly.

In patients with EB, painful open wounds and sores form where the skin has been damaged. Moreover, in some cases, the disease can severely impact internal linings and organs. Complications commonly result due to secondary infections and extensive scarring. Individuals with milder forms of EB may still live long, productive lives. However, the more severe forms of EB require multiple medical interventions to treat manifestations and complications, which may lead to disfigurement, disability, and in some cases, premature mortality.

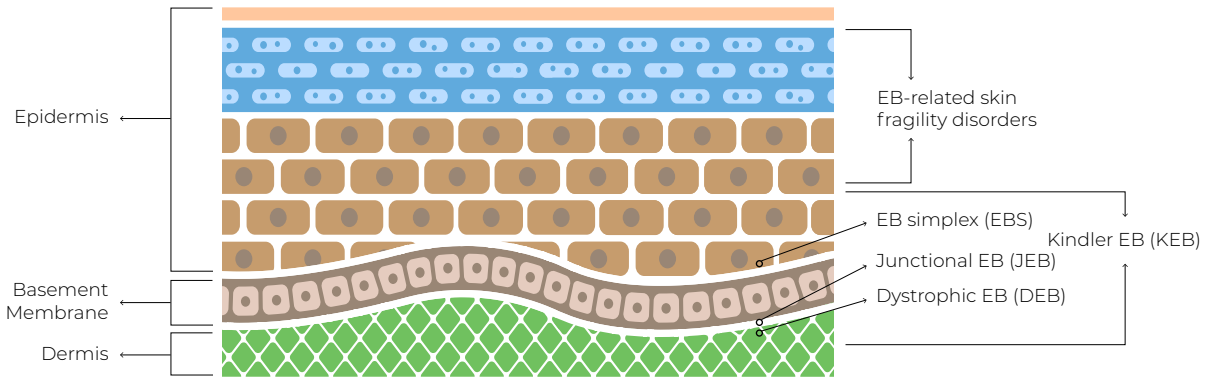
The National Epidermolysis Bullosa Registry (NEBR) reports, based on 16 years of data, that the incidence of EB in the U.S. is 19.57 per 1 million live births, with prevalence rate of 11.07 per 1 million population. Globally, EB affects approximately 500'000 individuals.

The current classification for EB includes four subtypes defined by the level of cleavage at the dermal/epidermal junction, as detailed hereafter (Fine et al. 2008).

EB SUBTYPE	CHARACTERISTICS
Genetically Inherited	
EB simplex (EBS)	Blistering occurs in the upper layer of the skin (the epidermis). This is the most common type of EB, accounting for 70% of cases, and tends to be milder than the other types.
Dystrophic EB (DEB)	Blistering occurs below the basement membrane zone in the upper part of the dermis. DEB accounts for approximately 25% of cases and can manifest as either recessive (RDEB) or dominant (DDEB).
Junctional EB (JEB)	Blistering occurs at the junction between the epidermis and the dermis (lower layer of the skin) in a layer of skin known as the basement membrane zone. JEB accounts for around 5% of cases and is usually considered the most severe type of EB.
Kindler Syndrome (KS)	An extremely rare, recessively inherited disorder characterized by blistering in infancy, followed by poikiloderma and photosensitivity in childhood (Burch et al. 2006). Blistering may occur within any layer of the skin.
Non-Genetically Inherited	
Acquired EB (Epidermolysis Bullosa Acquisita, EBA)	Blistering occurs at the basal derma. This chronic autoimmune condition is caused by antibodies targeting type VII collagen, the major component of anchoring fibrils that connect the basement membrane to dermal structures. It is a very rare form and is not genetic (Kasperkiewicz et al. 2016).

The four major forms of EB (EBS, DEB, JEB, and KS) are inherited genetically. The cause of inherited EB involves at least 20 distinct genes, with over 1'000 mutations identified that affect proteins for the adherence of the epidermis to the underlying dermis (Denyer et al. 2007). These molecular anomalies not only alter the structure of epidermis and dermis but can also interfere with the functional and structural integrity of the basal membrane zone (BMZ). The BMZ, a highly specialized interface between epithelial cells and the underlying matrix, is crucial for cell adhesion, proliferation, differentiation, tissue repair, and barrier function. Consequently, these disruptions lead to cell and tissue dehiscence, severely impacting the skin's ability to perform its protective and regenerative functions (Laimer et al. 2015).

Figure: Cross-section diagram of the skin



Considerable genetic heterogeneity and complex genotype-phenotype correlations are observed across the EB subtype and are attributed to several factors. These include the type of the mutation (homozygosity versus heterozygosity), the number of genes involved (monogenic, digenic inheritance), the location of mutations within each gene, and the range of resulting alterations in protein expression. Beyond the primary structural-functional defects, secondary epigenetic factors (e.g. the differentially regulated expression of a myriad of other genes involved in the maintenance and function of this microenvironment, as well as induction of inflammatory cascades) and environmental factors further contribute to the highly variable phenotype of EB (Laimer et al. 2015, Küttner et al. 2013).

In most cases, symptoms of EB are apparent from birth or shortly thereafter. A physician may suspect EB from the appearance of the affected skin. To confirm the diagnosis, a limited number of laboratory tests are available, which may include a skin biopsy for immunofluorescent mapping or genetic testing. The signs and symptoms of this disorder vary greatly among the different EB subtypes and individuals affected. In milder cases, blistering mainly affects the hands and feet, whereas severe forms of EB are characterized by generalized skin fragility and devastating blistering from minor trauma, severely impairing the quality of life of affected patients. Some EB types may also affect the eyes, tongue, and esophagus, leading to mutilating scarring and disabling musculoskeletal deformities. Complications in EB may include infections, fusion of fingers and joint changes, nutritional problems, dental and oral issues, skin cancer, and premature death.

VYJUVEK®, was approved by the FDA on May 19, 2023, for the treatment of DEB, and the company Krystal Biotech, Inc. (NASDAQ: KRYS) subsequently initiated the U.S. commercial launch. VYJUVEK is the first medicine approved by the FDA for the treatment of DEB. VYJUVEK is a re-dosable, off-the-shelf gene therapy designed to deliver two copies of the COL7A1 gene when applied topically, directly onto an open wound. Unlike the previous standard of care, VYJUVEK treats DEB at the molecular level by providing patient's skin cells the template to produce normal COL7 protein, thereby addressing the fundamental disease-causing mechanism.

FILSUVEZ®, a third-party product, was approved by the FDA on December 19, 2023. It is a topical gel indicated for the treatment of partial thickness wounds in patients six months and older with JEB and DEB. FILSUVEZ contains a dry extract from two species of birch bark consisting of naturally occurring substances known as triterpenes, including betulin, betulinic acid, erythrodiol, lupeol and oleanolic acid. The topical gel is applied on the wound and covered by a wound dressing.

The current standard of care for EB patients includes wound management to prevent infection, pain management to reduce discomfort, and nutritional support to promote healing. This involves careful wound cleaning and disinfection to minimize the risk of infection. Gentle cleansing of the affected areas with mild, non-irritating solutions helps remove bacteria and other pathogens from the wound surface. Antibiotics may be used to prevent and treat infections, while analgesics are prescribed for pain relief.

Management of bioburden in EB patients involves antiseptics and often requires the use of antibiotics. However, topical antibiotics should be used sparingly in EB due to the risk of promoting antibiotic-resistant bacteria strains and potential wound sensitization. The emergence of antibiotic-resistant strains of bacteria, such as methicillin-resistant Staphylococcus aureus and increasingly ciprofloxacin-resistant Pseudomonas, is a significant challenge, potentially compromising the efficacy of current treatments. These resistant strains are frequently isolated from EB wounds (Singer et al. 2018). While both infection and inflammation can impair wound healing, no specific product has been developed for EB wounds that can simultaneously control infection and bioburden while reducing inflammation.

Wound care management for EB patients and their caregivers is a complex and time-consuming process. Nurses and families often find their lives overwhelmed by the continuous routine of wound management and medication administration. Care involves piercing, draining, and dressing blisters, with bathing and dressing changes alone requiring more than three hours. Pain medications and antibiotics must be administered regularly. Additionally, a significant amount is dedicated to frequent visits to doctors, clinics and support groups.

The goal of developing RLF-TD011 is to efficiently control bioburden while reducing the need for antibiotics and alleviating inflammation and pain associated with EB. Additionally, the method of administration may reduce the complexity and time required to treat EB thereby consuming less healthcare and caregiver resources.

RLF-TD011 for the Potential Treatment of Epidermolysis Bullosa

We are developing RLF-TD011 as a differentiated acid oxidizing solution of hypochlorous acid (HClO) that combines strong antimicrobial action with anti-inflammatory properties, thereby allowing for infection control, reduction of wound colonization and improved wound healing. We believe RLF-TD011, if approved, may be a fast, easy to use, and effective treatment for EB wound care management. Importantly, RLF-TD011 could also enhance the efficacy and usability of newly developed EB treatments given its unique properties.

Developed with our proprietary, patent-protected TEHCLO Nanotechnology, RLF-TD011 employs an exclusive combination of four physio-chemical properties—high-purity HClO, hypotonic, low pH and high oxidation-reduction potential, which we believe can support a faster physiological healing of wounds by creating a favorable wound microenvironment. HClO is well known as a broad-spectrum, fast acting antimicrobial agent, which reinforced by low pH and high ORP contributes to the prevention and treatment of skin infections.

RLF-TD011 is a self-administered, sprayable solution enabling targeted application while avoiding skin contact and cross-contamination. Wound care remains the cornerstone of treatment for patients with EB, potentially facilitating a rapid and natural wound healing, while minimizing or preventing infections (and thereby reducing the reliance on antibiotics), and avoiding or limiting the chronicization of wounds.

RLF-TD011 is intended to prevent or reduce infections and inflammation by modulating the wound microenvironment as it exhibits characteristics conducive to accelerated natural wound healing, including:

- Antimicrobial activity: HClO is well-known as a broad-spectrum, fast acting antimicrobial substance naturally produced by our body as part of the innate immune system's response to infections. We believe using active chlorine compounds such as HClO constitute a viable solution with a lower risk of developing resistance. Pure HClO

has been described to be 80-100 times more potent as a germicide than the hypochlorite anion (ClO^-). Since the cytoplasmic pH of bacteria is generally higher than that of the external environment, the acid dissociates and releases a proton, thus leading to acidification of the cytoplasm. The combination of low pH and high ORP in RLF-TD011 is expected to reinforce the known antimicrobial activity of HClO that fosters the wound healing process (Mellerio 2010).

- Anti-inflammatory activity: HClO inhibits NF-κB (Nuclear Factor kappa-light-chain-enhancer of activated B cells), blocking the activation of the inflammatory pathway. Low pH reinforces the anti-inflammatory activity by inhibition of the alkaline-pH-dependent MMP's activity.

Skin repair is a complex sequence of events, orchestrated by molecular interactions among different cell populations at the wound site, ensuring the effective restoration of skin homeostasis. However, repeated injury before completion healing leads to excessive inflammation, disruption of the regenerative processes, altered extracellular matrix (ECM) architecture, pathological scarring, fibrosis, and subungual squamous cell carcinoma (SCC) (Nyström and Bruckner-Tuderman 2018). In EB-affected skin, critical wound colonization or infection could trigger an acute inflammatory response. Certain findings also indicate the presence of an intrinsic pro-inflammatory state in RDEB skin (Cianfarani et al. 2017)

RLF-TD011 could also be effective in reducing skin inflammation by (i) inhibiting the NF-κB pro-inflammatory pathway, and (ii) irreversibly inactivating the main pro-inflammatory proteases MMP- 2.

(i) Inhibition of NF-κB Pro-Inflammatory Pathway

Nuclear factor erythroid 2 (Nrf2) and NF-κB transcription factors play antagonistic roles in the wound healing process. Nrf2 protects cells against oxidative stress and inflammation, while NF-κB triggers an innate immune reaction, thereby promoting inflammation and oxidative stress. Notably, both pathways are activated in response to oxidative stress.

For wounds characterized by inflammation, compounds that either decrease the NF-κB levels or activate the Nrf2 pathway may prove beneficial (Ambrozova et al. 2017). Transient and moderate oxidative stress may up-regulate genes involved in antioxidant and cytoprotective pathway through the activation of the transcription factor Nrf2 (Novo and Parola 2008). The activation of Nrf2 pathway was also demonstrated to directly alleviate the blistering caused by a keratin-gene deficiency in an EB Simplex mice model (Kerns et al. 2007).

By contrast, the overexpression of NF-κB, as well as an inadequate action can lead to impaired wound healing. In particular, prolonged inflammation, anti-apoptotic and proliferative effects are all dangerous (Jobin and Sartor 2000).

The chemical action of RLF-TD011 is expected to be a balance between two different properties: (i) the induction of an oxidative signal activating both the Nrf2 and NF-κB pathways via increase in ROS levels (due to high ORP), and (ii) the oxidation of the inhibitor of NF-κB kinase (IKK) and the binding of I-κB, the inhibitor of NF-κB, to NF-κB. As a result, NF-κB remains inhibited and blocks activation of this inflammatory pathway. The final redox balance shifts toward the Nrf2 signaling pathway leading to a protective antioxidant response rather than a deleterious inflammatory response (Leung et al. 2013). It was observed that by this mechanism, topical hypochlorite ameliorates NF-κB-mediated skin diseases in mice (Leung et al. 2013).

(ii) Inactivation of Metalloproteases Activity

MMPs are digestive enzymes known to have an important role in the promotion of inflammatory processes and in the chronicization of wounds. Elevated MMPs activity causes delayed wound healing through degradation of collagen matrixes vital to the healing process (Schulz et al. 2005, Schreml et al. 2010). High levels of MMP9 were found in blister fluids of EB Simplex patients vs healthy controls and increased amounts of MMP2 and MMP9 were observed in the skin of DEB patients, both in lesioned and in apparently non-lesioned skin, compared with control (Bodemer et al. 2003). Therefore, MMP2 and MMP9 can be identified as potential therapeutic targets to promote wound healing process (Leung et al. 2013). Protease action and activity is pH dependent. Every protease shows peak enzyme activity at certain pH levels, where the protein is broken down more rapidly than at other pH values. Protease activity for MMP2 and MMP9 peak at a range of pH between 6.0-9.0 and 7.0-9.0, respectively (Fasciglione et al. 2000), and decrease rapidly in the presence of acidity for both MMPs. A reduction of pH levels from 8.0 to 4.0 results in a decrease in MMP enzyme activity by 80% (Greener et al. 2005). Four proteases important in wound healing (cathepsin G, elastase, plasmin, MMP2) showed peak enzyme levels from 6.0 to 9.0 pH. Lowering wound pH to below 5.0 dramatically slows down the activity of these harmful proteases (Rodgers and Watret 2005). The results of different studies confirmed the acidic environment plays an important role in the promotion of wound healing (Nagoba et al. 2015). The low pH characteristic of RLF-TD011 (between 2.5-3.0) creates a condition to reduce protease activity.

In 2019, RLF-TD011 was granted Orphan Drug Designation (ODD) by the FDA for the treatment of EB, which qualifies the sponsor of the treatment for certain development incentives, including seven-year marketing exclusivity after FDA marketing approval is received.

In February 2023, we announced the first three patients were enrolled in a proof-of-concept, investigator-initiated study to evaluate RLF-TD011 as a treatment for EB (NCT05533866). The primary aim of this study is to assess changes in the skin microbiome before, during and after treatment with RLF-TD011. Patients with dystrophic or junctional EB whose wounds are colonized by staphylococcus aureus, pseudomonas aeruginosa or commensal organisms, were treated with RLF-TD011 for eight weeks followed by discontinuation of treatment for four weeks with assessment of their wound microbiome at each stage. As of the date of this annual report, the study has completed enrollment and treatment of patients. The results are expected in mid- to late-2024. Subject to a positive outcome, we intend to engage in consultations with the Food and Drug Administration (FDA). These discussions will aim to finalize and validate our development and regulatory plan, ensuring an efficient path to market approval.

RARE METABOLIC DISORDERS

PHYSIOMIMIC TECHNOLOGY™

The Physiomimic Technology, used in the development and manufacturing of our GOLIKE® product line, is our proprietary globally patented technology. Through a complex coating process, this technology alters the release and absorption profile of amino acids, mimicking the physiological absorption of natural proteins. This unique approach reduces the inherent taste and odor of amino acids and increases their nutritional value compared to standard free amino acids available on the market.

Our Physiomimic Technology intellectual property portfolio consists of two patent families including 14 pending applications and 36 granted patents worldwide. Patents resulting from these families, if granted, will expire no earlier than 2036 and 2038, respectively, exclusive of any patent term extensions and other potential market exclusivity.

Phenylketonuria (PKU)

Phenylketonuria (PKU) is a rare metabolic disorder that hinders the body's ability to metabolize the amino acid phenylalanine (Phe). This deficiency results in a toxic accumulation of Phe to toxic levels, potentially inducing severe systemic damage, with some being irreversible, including:

- permanent cognitive disorders and intellectual disability;
- delays in development;
- behavioral, emotional and social problems, and psychiatric disorders;
- a musty odor in the breath, skin or urine;
- neurological problems, which may include seizures;
- skin rashes (eczema);
- fair skin and blue eyes;
- abnormally small head (microcephaly); and
- hyperactivity.

Since Phe is found in a wide array of foods, including chicken, meat, eggs, dairy products, nuts, grains, and legumes, individuals diagnosed with PKU are prescribed a special diet. Treatment guidelines for PKU require a lifelong, stringent, and restrictive low-protein diet. This regimen is supplemented with a Phe-free (or Phe-low content) amino acid (AA) mix, which can constitute up to 75 percent of the total daily protein intake. While PKU is not curable, an affected newborn can grow up with a normal brain development if diagnosed early enough by managing and controlling Phe levels through a strict diet.

Diagnosis of PKU in Europe and the U.S. is systematically conducted on all newborns through mandatory newborn screening programs. Diagnosed newborns are referred to specialized centers trained at managing rare metabolic disorders. According to a study published in August 2020 in the *American Journal of Human Genetics*, approximately 450'000 people suffer from PKU worldwide. In the U.S., approximately 17'500 people are living with PKU and, annually, about 350 newborns are diagnosed with this condition.

PKU GOLIKE® for the Dietary Management of PKU

Patients with PKU require supplementation of AA-based foods for special medical purposes (FSMPs or Medical Foods) to prevent protein deficiency and optimize metabolic control. However, Medical Foods may result in poor dietary compliance due to their taste and odor. Further, the often unpleasant odor and aftertaste of current AA supplements can become a barrier to social interaction for PKU patients.

PKU GOLIKE products are Phe-free (or low Phe content) Medical Foods for children and adults and are the first prolonged-release AA Medical Food. They are characterized by a special coating that ensures a physiological absorption mirroring natural proteins' absorption profile. The special coating also masks the unpleasant taste, odor and aftertaste of the AAs. PKU GOLIKE granules are flavorless and can be mixed with many foods. PKU GOLIKE products contain 19 amino acids that PKU patients need to maintain neurological and muscular health and are fortified with vitamins and minerals, including iron, calcium and vitamin B12 which are normally contained in protein-rich foods.

In 2023, Relief released pre-clinical and clinical data on PKU GOLIKE, demonstrating the product's ability to decrease catabolic events and lower blood Phe levels. Additionally, the data indicated a reduction in gastrointestinal discomfort among patients with PKU.

We are currently conducting two sponsored, randomized, controlled, studies in PKU patients to demonstrate additional benefits in Phe fluctuations with PKU GOLIKE versus standard free AA products (study numbers GLK-IT-2023 and GLK-UK-2021) and expect to report the results in 2024. We believe these results, if positive, may allow for increased utilization of our PKU GOLIKE products.

The PKU GOLIKE line of products has a life cycle management plan aimed at increasing the variety of available formulations. Today our products are available in convenient packets of flavorless granules (PKU GOLIKE Plus for ages 3-16 and ages 16+), medical food bars (PKU GOLIKE BAR) and tablets to be chewed (PKU GOLIKE KRUNCH). We are also developing PKU GOLIKE products in additional solid and liquid forms based on the same technology. PKU GOLIKE products have been commercially available in Europe since 2018 and in the U.S. since October 2022.

Following our business-to-business strategy, we granted Eton Pharmaceuticals, Inc. an exclusive license on March 21, 2024, for the commercialization of the GOLIKE family of products in the United States. We are actively pursuing similar licensing arrangements for the commercialization of GOLIKE in key European markets.

RLF-OD032 for the Treatment of PKU

RLF-OD032 is a novel liquid formulation of a Sapropterin dihydrochloride product in oral suspension to reduce blood phenylalanine (Phe) levels in adult and pediatric PKU patients. If approved, RLF-OD032 would be the first and only liquid formulation of a Sapropterin dihydrochloride product.

Sapropterin dihydrochloride is a pharmaceutical version of the tetrahydrobiopterin (BH4) molecule. It enhances phenylalanine hydroxylase (PAH) enzyme activity in Sapropterin-responsive PKU patients and, in conjunction with dietary management, helps lower blood Phe concentrations. It has been widely demonstrated that increased Phe tolerance and reduced Medical Food requirement improves patients' stress of a strict diet and quality of life.

We believe there remains a significant unmet need to provide additional benefits to PKU patients. The large volume of solid products needed to be consumed daily by patients and the need to tailor treatment quantities based on patient's weight render the treatment challenging, especially in the pediatric population, thereby affecting patient compliance. If approved, our liquid suspension product may improve patients' acceptance and compliance by reducing the amount

of drug product that must be consumed compared to other generic versions of Sapropterin dihydrochloride. Low volume and no mixing requirement make RLF-OD032 a more convenient administration form compared to the existing dosage forms and would be administered orally via a metered syringe, thereby offering significant improvement in the management of PKU in newborns, children and adults.

Relief acquired RLF-OD032 worldwide rights, except in the UK, from Meta Healthcare Ltd in 2022. We have since developed RLF-OD032's formulation for clinical and potential commercial use and are preparing the initiation of a Pilot PK Trial in mid-2024. Upon completion of a Pivotal PK Trial, we expect to file an 505(b)(2) NDA with the FDA. If approved, we intend to divest or out-license this product.

Tyrosinemia and Homocystinuria

Tyrosinemia (TYR)

TYR is a genetic disease that affects the metabolism of Tyrosine. It is classified into three distinct forms, each caused by deficiencies in different enzymes involved in the metabolism of tyrosine:

- Type I (TYR1): This form results from a deficiency in the enzyme fumarylacetoacetate hydrolase, leading to liver failure and hepatocellular carcinoma. The worldwide incidence is 1:100'000, with screening available only in some countries.
- Type II (TYR2): Caused by a deficiency in tyrosine aminotransferase, this form may result in mental retardation, herpetiform corneal ulcers, and skin hyperkeratotic lesions. Its incidence is less than 1: 250'000, with screening available only in some countries.
- Type III (TYR3): This extremely rare form results from a deficiency in 4-hydroxyphenylpyruvate dioxygenase, and its symptoms include intermittent ataxia, without hepatorenal involvement, corneal ulcers, or skin lesions.

In 2002, the orphan drug Nitisinone (NTBC) was approved in EU and the U.S. for the treatment of TYR1. While NTBC treatment significantly increases plasma tyrosine concentrations, it requires a complementary diet restricted in Tyrosine and Phe and should not be administered on its own. Importantly, this drug is not effective for TYR2 and TYR3, for which a low-protein diet remains the standard of care with a protein intake similar to those for PKU.

Homocystinuria (HCU)

Classical homocystinuria is an inherited genetic disorder resulting from mutations in the cystathionine beta synthase (CBS) gene, impairing the body's ability to metabolize the amino acid homocysteine (Hcy), crucial for several metabolic processes. This deficiency in the CBS enzyme leads to elevated levels of Hcy. Thus, affected individuals may manifest symptoms ranging from mild to severe, impacting the ocular, skeletal, vascular and central nervous systems. Its prevalence is approximately 1 in 200'000 to 335'000 worldwide, and 1 in 100'000 to 200'000 in the U.S. However, its prevalence may be higher due to poor detection rates in newborn screening.

The treatment for HCU varies based on the patient's responsiveness to pyridoxine (vitamin B6), leading to its classification into two main types: (i) Pyridoxine responsive homocystinuria, and (ii) Pyridoxine non-responsive homocystinuria. For the latter, dietary management is similar to those for PKU patients and is based on a low protein diet supplemented with a methionine-free amino acid mix.

GOLIKE® for the Dietary Management of TYR and HCU

TYR and HCU require lifelong diets with significant compliance challenges, often due to the poor palatability of AAs and the suboptimal nutritional value from the fast absorption of standard products. Given the limited range of products available for these rarer diseases, GOLIKE can offer substantial benefits to patients.

TYR GOLIKE products are Phe-free and Tyrosine-free (or Phe and Tyrosine low content) Medical Foods. HCU-GOLIKE products are Methionine (Meth) free (or Meth low content) Medical Foods. Both product lines are developed with our Physiomimic Technology™ drug delivery platform and intend to address both children and adults' dietary needs.

We anticipate the development and regulatory completion of GOLIKE for the dietary management of TYR in 2025 and of HCU in 2026. If approved, these products will be commercialized through licensees.

Urea Cycle Disorders (UCDs)

UCDs are a group of rare, genetic disorders that can cause harmful ammonia to build up in the blood, potentially resulting in brain damage and neurocognitive impairments, if ammonia levels are not controlled. Therefore, it is important to adhere to any dietary protein restrictions and have alternative medication options to help control ammonia levels.

The urea cycle is a series of biochemical reactions that occur primarily in the liver, which converts toxic ammonia produced by the breakdown of protein and other nitrogen-containing molecules in the human body into urea for excretion. Primary hyperammonemia is a term to describe an elevation of ammonia in blood or plasma due to a defect within the urea cycle, which is the pathway responsible for ammonia detoxification and arginine biosynthesis. UCDs are caused by genetic defects affecting any of the six enzymes or two transporters that are directly involved in the urea cycle function. The clinical situation is variable and largely depends on the time of onset. Newborns who are often affected by hyper-ammonaemic encephalopathy carry a potential risk of severe brain damage, which may lead to death. Outside the neonatal period, symptoms are very unspecific but most often neurological (with wide variability), psychiatric and/or gastrointestinal. Early identification of patients is essential to start effective treatment modalities immediately. The acute management includes detoxification of ammonia, which often requires extracorporeal means such as hemodialysis, and the use of intravenous drugs that work as nitrogen scavengers. Long-term management of patients with UCDs consists of a low-protein diet, which needs to be balanced and supplemented to avoid deficiencies of essential amino acids, trace elements or vitamins and the use of nitrogen scavengers. In cases where dietary management or medication is not effective, patients with UCD may require a liver transplant.

Studies suggest the incidence of UCDs in the U.S. and Europe is 1 in 35'000 live births. Approximately 1 in 100'000 people have UCD, and there are an estimated 800 patients who are actively treated in the U.S.

OLPRUVA offers benefits over other UCD treatments by eliminating issues with palatability, offering improved portability with its single-dose envelopes, and it comes in a dosage that is personalized to the patient based on weight.

OLPRUVA® (SODIUM PHENYLBUTYRATE) FOR ORAL SUSPENSION

OLPRUVA is a proprietary and novel formulation of sodium phenylbutyrate powder, packaged in pre-measured single-dose envelopes, that has shown bioequivalence to existing sodium phenylbutyrate powder but with a pH-sensitive polymer coating that is designed to minimize dissolution of the coating for up to five minutes after preparation.

OLPRUVA was approved in the U.S. by the Food and Drug Administration in December 2022 as an adjunctive therapy for the long-term management of UCDs involving deficiencies of carbamylphosphate synthetase (CPS), ornithine transcarbamylase (OTC), orargininosuccinic acid synthetase (AS). OLPRUVA is currently marketed in the U.S. by Acer Therapeutics, Inc. (Acer), a wholly owned subsidiary of Zevra Therapeutics, Inc. (NASDAQ: ZVRA).

Under the terms of our contractual agreement with Acer, we are entitled to a 10% continuing royalty on the net sales of OLPRUVA in the U.S., up to a cumulative amount of USD 45 million. Additionally, we hold exclusive development and commercialization rights of OLPRUVA within Europe.

The commercialization of OLPRUVA in Europe through partnerships is contingent on evidence of commercial viability and the performance of a bridging PK study for regulatory purposes.

PULMONARY DISEASES

RLF-100 (AVIPTADIL ACETATE)

Aviptadil acetate is a synthetic form of vasoactive intestinal peptide (VIP) consisting of 28 amino acids which was first discovered in 1970.

It is an abundant biologically active peptide endogenous in humans as well as in other species. It is produced by neurons in the peripheral and central nervous system, by endocrine cells like the pituitary lactotrophs, cells of the endocrine pancreas as well as T-lymphocytes, and B-lymphocytes. This natural peptide is one of the signal molecules of the neuroendocrine-immune network comprising anti-inflammatory, immunosuppressive, anti-proliferative, and vasodilating features (Mukherjee et al. 2021). It is predominantly localized in the lungs and a vast body of experimental, pharmacological as well as clinical evidence suggests Aviptadil to be an attractive candidate as a treatment option for pulmonary disorders.

We have developed our proprietary and patent-protected stable Aviptadil formulations (codenamed RLF-100), intended for intravenous (IV) and inhaled administration as standard of care for the prevention and treatment of respiratory failure and its complications in both the acute intensive care and chronic ambulatory settings. Based on the latest Aviptadil stability results, we filed a US Patent Application and a PCT Patent Application.

As we continue to explore Aviptadil's applicability, with both IV and inhaled formulations, we see opportunity to develop this product in acute respiratory distress syndromes (ARDSs) and for certain chronic lung diseases (CLDs), including sarcoidosis, berylliosis and checkpoint inhibitor-induced pneumonitis (CIP).

It is anticipated that the IV formulation would ensure an efficient and acute delivery of the active compound in severe conditions while the inhalation route would allow to maximize the clinical benefit to the target affected organ (lung) while minimizing the potential adverse effects related to the systemic activity of Aviptadil offering a home-based treatment.

Acute Respiratory Distress Syndrome (ARDS)

ARDS is a devastating clinical syndrome of acute respiratory failure with progressive arterial hypoxemia, dyspnea, and a marked increase in the work of breathing with a need for mechanical ventilation. It has a rapid onset (7-10 days) with a progressive malfunction of the lungs that quickly evolves into respiratory failure. The pathophysiology of ARDS is complex and is associated with extensive lung inflammation and accumulation of fluid in the alveoli (air sacs) severely affecting the lung gas-exchanging ability. Global awareness of ARDS was heightened during the COVID-19 pandemic due to a sharp increase in its incidence, but ARDS is defined more broadly as a heterogeneous syndrome resulting from various direct or indirect pulmonary insults. ARDS is widely recognized as a major clinical problem worldwide: it globally affects approximately 3 million patients annually, accounting for 10% of intensive care unit (ICU) admissions, and 24% of patients receiving mechanical ventilation in the ICU with an estimated mortality rate of approximately 40-60% depending on disease severity (Battaglini et al. 2021). No approved drug treatment is currently available despite the completion of several clinical trials and ongoing research efforts.

Aviptadil was granted U.S. Food and Drug Administration (FDA) Fast Track Designation for treating critical COVID-19-induced ARDS. It has been recently tested in IV or inhaled forms in several clinical trials:

- Phase 2 and 3 studies were conducted with Aviptadil during the COVID pandemic with mixed results. A Phase 2b/3 multicenter study did not reach its primary end point but demonstrated a statistically significant two-fold decrease in mortality and a significant improvement in respiratory distress ratio (Youssef et al. 2022). This finding was deemed "hypothesis generating" by the US FDA and insufficient to warrant Emergency Use Authorization. Aviptadil was further evaluated for improving the treatment of severely and critically ill COVID-19 patients in the I-SPY COVID-19 trial and the TESICO trial but was withdrawn from these two studies before completion.
- A Phase 3 randomized, multicentric, double-blind, placebo-controlled, comparative clinical trial (150 participants) with severe COVID-19-induced ARDS conducted in India by an unrelated third-party on a different formulation of Aviptadil reported that Aviptadil was safe and effective in improving the resolution of respiratory failure, shortening the time to recovery, decreasing respiratory distress, and preventing death in respiratory failure patients (Dewan and Shinde, 2022). In comparison to placebo, patients on Aviptadil demonstrated a 2.1-fold increase ($p=0.0410$) of being free of respiratory failure (no oxygen requirement) at day 3 and a 2.6-fold increase ($p=0.0035$) at day 7. While this was not our study, its results support the proposition that Aviptadil may be an effective treatment for treating ARDS.
- A retrospective observational study evaluating Aviptadil in severe viral-related ARDS demonstrated an improvement of clinical outcomes (Sampley et al. 2023). Six patients who developed ARDS after viral pneumonias, have been treated with 3 days of infusion. Mean oxygen saturation significantly improved from 87.86% before the first Aviptadil dose to 93.43% afterward. Similarly, PaO_2 values rose from 54.3 to 68.4 post-therapy ($p\text{-value} < 0.004$) and the SpO_2/FiO_2 ratio from 149 to 336 post-therapy ($p\text{-value} < 0.003$).
- A Phase 1 trial showed promising results in treating sepsis-related ARDS (JP Youssef et al. 2020). Eight patients under mechanical ventilation were treated with IV Aviptadil for 12 hours. Seven demonstrated a successful course during intensive care and were successfully removed from mechanical ventilation and discharged from intensive care. Of those who were discharged from the ICU, six demonstrated successful 30-day survival and serum levels of TNF decreased in five patients. Hypotension was seen in association with two infusions and diarrhea in association with one but did not necessitate cessation of therapy.

Additionally, Aviptadil has showed promising results in a recent case series of severe ARDS cases with rapid deterioration of clinical conditions (Mehta et al. 2024).

Chronic Lung Diseases (CLDs)

We continue to assess the development of inhaled RLF-100 for targeted CLDs, including pulmonary sarcoidosis, checkpoint inhibitor-induced pneumonitis (CIP) and chronic berylliosis. These indications are generally classified as granulomatous chronic lung diseases due to their similar pathogenesis resulting in the formation of lung granulomas. It is a process driven by an exaggerated immune response, wherein the activation of CD4+ Th1 and Th17 cells leads to the development of pro-inflammatory cytokine storms and lung granuloma formation.

We believe inhaled RLF-100 can bind to the receptor VPAC1 on CD4+ Th1 and Th17 immune cells, thus inhibiting NF-κB (Martinez et al. 2019). NF-κB (Nuclear Factor kappa-light-chain-enhancer of activated B cells) is a protein complex that plays a crucial role in regulating the immune response to infection. It is involved in cellular responses to stimuli such as stress, cytokines, free radicals, ultraviolet irradiation, oxidized LDL, and bacterial or viral antigens.

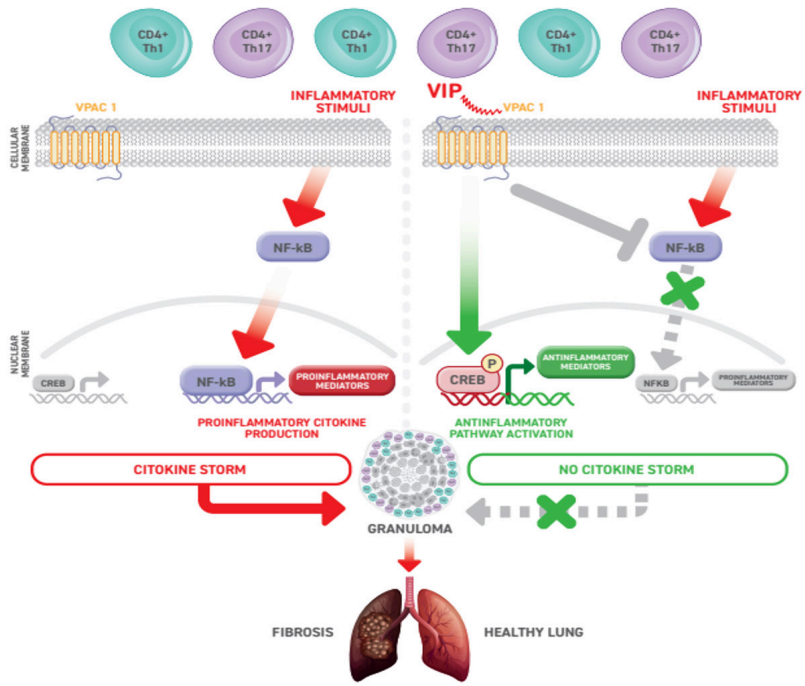
Due to this specific mechanism of action, RLF-100® is expected to reduce pro-inflammatory cytokines and increase anti-inflammatory cytokines, thereby preventing granuloma formation and facilitating disease resolution as detailed in the illustration below.

AVIPTADIL, the synthetic form of vasoactive intestinal peptide (VIP), **binds its receptor VPAC1 on CD4+ Th1 and Th17 immune cells**.

In this way AVIPTADIL inhibits NfKB, the most important transcription factor at the basis of the pro-inflammatory cytokine storm and it is significantly overexpressed in sarcoidosis T cells.

AVIPTADIL reduces pro-inflammatory citokines and **increase anti-inflammatory** citokines, preventing granuloma formation and allowing disease resolution.

The granuloma formation can evolve in progressive fibrosis of the lung parenchyma.



While these assumptions are pending validation in clinical trials, preliminary observations provide partial support. Notably, clinical evidence on sarcoidosis has been generated in a study on 20 patients treated for four weeks (Prasse et al. 2010). In addition, a Named Patient Program in Germany has yielded encouraging results. Lastly, a case involving an elderly patient with CIP demonstrated positive outcome following treatment with an inhaled formulation of Aviptadil (Frye et al. 2020). More recently, a long-term treatment of granulomatosis with inhaled Aviptadil was published in a poster at the 2022 European Respiratory Society (ERS) congress.

We recently developed a new Aviptadil drug product for inhaled administration, based on our stable formulation. In alignment with our development strategy and regulatory requirements, we anticipate completing certain pre-clinical demonstrations with this drug product before initiating clinical development in CLDs.

As the Company is focusing on rare dermatological disorders, we will be seeking partnerships or collaborations to continue the development of our formulations for Aviptadil.

LEGACY PRODUCTS

Our legacy products are revenue-generating, approved products marketed in various countries including the U.S. and Europe, originally developed and patented by Relief and subsequently licensed to third parties for commercialization in different territories.

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 our patented Dynamic Buffering Technology (DBT), we developed the first and only NSAID approved by the FDA for the treatment of acute migraine attacks with or without aura in adults. CAMBIA is currently available in the form of a powder packed into a single dose envelope to be poured and dissolved in water before administration. The product is marketed in the U.S. as CAMBIA by Assertio Therapeutics Inc. (Nasdaq: ASRT) and in Canada by Aralez Pharmaceuticals Canada Inc.

CAMBIA is protected by a family of four patents listed in the FDA Orange Book, all expiring in 2026. In 2023, based on litigation settlements between Assertio Therapeutics Inc. and specific generic filers, generic versions of CAMBIA became available in the U.S., significantly reducing our royalty income from CAMBIA.

SETOFILM/ ONDISSOLVE

SETOFILM® is the first prescription-only medicine approved in Europe and Canada, developed as an orodispersible film (ODF) formulation. The product is available in 4 mg and 8 mg 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 may reduce the patient pill burden and enable patients to take their medication virtually anywhere.

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

The product is marketed in Europe by Norgine B.V. and in Canada by Takeda Pharmaceuticals.

VOLTADOL®

Developed with our patented matrix patch technology, Voltadol is a topical, locally applied and locally acting patch delivering diclofenac sodium, an off-patent, potent non-steroidal anti-inflammatory drug (NSAID) for the local treatment of painful, acute conditions such as muscle and joint strains. Unlike heat plaster, the patch contains an anti-inflammatory. It penetrates deep to the source of pain to provide powerful pain relief. The medicated patch provides up to two times more powerful deep pain relief, compared to a non-medicated, non-heated placebo patch. The patch also provides 12 hours continuous release of the active ingredient (diclofenac) to the site of pain. This means the patch only needs to be applied once in the morning and once in the evening to provide effective pain relief. The product is marketed in various countries as an over-the-counter medicine by GlaxoSmithKline (GSK) which recently spun-off the rights to Haleon.

Discontinued Products

In 2023, the development of Sentinox was discontinued due to a decrease in market needs as the COVID-19 pandemic subsided. Commercialization efforts for Nexodyn®, a hypochlorous acid-based spray solution for wound management, have also been discontinued. Neither Sentinox nor Nexodyn significantly contributed to the Company's revenue.

Forward-looking statements: This report contains forward-looking statements, all of which involve certain assumptions, risks and uncertainties that are beyond the control of Relief Therapeutics and could cause our actual results to differ materially from the statements described. Forward-looking statements involve significant risks and uncertainties and actual results may vary materially. Please refer to our Cautionary Statement at the end of this report.

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	CH1251125998
Swiss security ID	125112599
Market capitalization as of December 31, 2023	CHF 24'955'474
Share price as of December 31, 2023	CHF 1.99
Duration of the company	Unlimited

2 GROUP STRUCTURE

On December 31, 2023, 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.	Connecticut (U.S.)	USD 1	RELIEF THERAPEUTICS Holding SA	100
Relief Therapeutics, Inc.	Delaware (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.	Monza (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 Swiss Exchange, the following shareholders held more than 3% of the registered share capital of the Company as of December 31, 2023. The number of shares and percentages correspond to the figures set forth in the notifications filed with the SIX Swiss Exchange. Derivative holdings are not included.

	Shares	Percentage of voting rights	Percentage of capital
GEM Global Yield LLC SCS[1] *SIX publication date: April 7, 2023*	2'889'747	20.58%	20.58%
Armistice Capital Master Fund Ltd *SIX publication date: September 19, 2023*	960'000	6.84%	6.84%
Relief Therapeutics International SA[2] (beneficial owner: RELIEF THERAPEUTICS Holding SA)	1'500'398	—	10.69%

[1] Persons who can exercise the voting rights at their own discretion: Christopher Brown

[2] Shares held by Relief in treasury as of December 31, 2023.

As of December 31, 2023, 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 had a sale position of more than 3% of the voting rights in the Company.

Details on changes subject to disclosure requirements can be viewed on the SIX Swiss Exchange disclosure platform at www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

4 CROSS-SHAREHOLDINGS

There are no cross-shareholdings of the Company that exceed 5% of the capital or voting rights.

5 CAPITAL STRUCTURE

As of December 31, 2023, the issued share capital of the Company amounted to CHF 56'163'348, consisting of 14'040'837 fully paid-in registered shares with a nominal value of CHF 4.00 each. The Company has only one class of shares (ordinary registered shares), and all issued shares are listed on the SIX Swiss Exchange. As of December 31, 2023, the Company held 1'500'398 of its shares.

Relief has maintained since November 2021 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). As of December 31, 2023, each ADS represented one ordinary share. 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 increase the number of outstanding shares.

The Company initiated its ADR program with the aim of listing its ADRs on a U.S. regulated exchange. However, considering the prevailing market conditions, recent changes in the leadership team and Board, and its new strategic direction, the Company is not currently taking actions to seek a listing on a U.S. regulated exchange. The Company will reassess this opportunity at an appropriate future time. Currently, the Company's ADRs are traded on the U.S. over-the-counter (OTC) market.

5.1 CAPITAL BAND

Pursuant to changes in the Swiss Code of Obligations effective January 1, 2023, and the decision of the Extraordinary General Meeting of shareholders held on April 28, 2023, the Company's authorized capital was replaced by a capital band. As of December 31, 2023, the Board was authorized, at any time until May 30, 2024, to increase the share capital by the issuance of up to 2'500'000 ordinary shares with a nominal value of CHF 4.00, under the terms and conditions set forth in article 3a^{ter} of Relief's Articles of Association.

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 offers to shareholders or third parties. The Board is authorized to permit, restrict, or 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; (ii) for the purpose of broadening the shareholder constituency or in connection with a listing of shares on domestic or foreign stock exchanges; (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; (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; (v) for investment projects and/or financial instruments which are used in national or international capital markets; (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, paragraph 2 of the Swiss Code of Obligations.

For more details, refer to article 3a^{ter} of the Articles.

5.2 CONDITIONAL SHARE CAPITAL

According to the Articles, the conditional share capital of the Company as of December 31, 2023, was CHF 16'687'696, consisting of 4'171'924 shares with a par value of CHF 4.00 each, of which 264'424 to be used for stock options for members of the Board, employees and consultants of the Company and its subsidiaries, and 3'907'500 shares to be used for the exercise of (i) option rights granted in connection with bonds and similar financial instruments or loans of the Company and its subsidiaries that allow for conversion into shares of the Company, or (ii) option rights granted to existing or new shareholders in connection with capital increases. The subscription and preemptive rights of the shareholders of the Company are generally excluded in connection with the issuance of any shares, options or subscription rights thereof.

For more details, refer to article 3b^{bis} of the Articles.

5.3 SUBSEQUENT CHANGES TO THE CAPITAL STRUCTURE

The Extraordinary General Meeting of shareholders held on April 26, 2024, approved a reduction of the nominal value of the Company's share capital from CHF 4.00 to CHF 0.10, an increase of the Company's capital band from 2'500'000 to 7'000'000 shares, and an increase of the Company's conditional capital from 4'171'924 to 7'000'000 shares.

5.4 STOCK OPTIONS

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, members of the Board, 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.

As of December 31, 2023, the Company had 126'032 stock options outstanding. 92'866 of these options were exercisable, all under article 3b^{bis} para. 1 of the Articles. In addition, the Company had committed to granting 320'000 options contingent upon the Company meeting certain technical requirements, including the availability of conditional capital and a reduction in the nominal value of the Company's share capital. For accounting and reporting purposes, this contingent grant was recognized as though it had been executed.

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

	2023	2022
Options outstanding at the beginning of the year	185'908	171'627
Granted	340'183	30'250
Exercised	(4'871)	(7'500)
Forfeited	(75'188)	(8'469)
Options outstanding at the end of the year	446'032	185'908

Further information on stock options is provided in note 31 of the consolidated financial statements.

5.5 OTHER CONVERTIBLE INSTRUMENTS

As of December 31, 2023, the Company had warrants outstanding to purchase up to 1'500'000 ordinary shares at a predetermined price of CHF 3.40 per share. These warrants were issued and were exercisable under article 3b[bis] para. 2 of the Articles.

	2023	2022
Warrants outstanding at the beginning of the year	—	—
Granted	1'800'000	—
Exercised	(300'000)	—
Warrants outstanding at the end of the year	1'500'000	—

There were no other outstanding convertible instruments on the Company's securities.

Subsequent to the reporting period, the Company committed to issuing warrants to purchase up to 3'350'000 ordinary shares at a predetermined price of CHF 1.70 per share in connection with the renewal of the share subscription facility with Global Emerging Markets (GEM). For more details, refer to note 38 of the consolidated financial statements.

5.6 PARTICIPATION CERTIFICATES AND PROFIT-SHARING CERTIFICATES

The Company has not issued participation certificates or profit-sharing certificates.

6 CHANGES IN SHARE CAPITAL

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

	Share capital CHF	Number of issued shares	Number of treasury shares	Number of outstanding shares
December 31, 2020	**32'467'272.48**	**8'116'818**	**—**	**8'116'818**
Issuance from authorized capital		2'883'757		
Issuance from conditional capital		32'761		
December 31, 2021	**44'133'346.17**	**11'033'337**	**(749'668)**	**10'283'668**
Issuance from authorized capital		3'000'000		
Issuance from conditional capital		7'500		
December 31, 2022	**56'163'346.17**	**14'040'837**	**(3'027'024)**	**11'013'813**
December 31, 2023	**56'163'348.00**	**14'040'837**	**(1'500'398)**	**12'540'439**

All references to units of shares and units of options for prior year periods within this report have been restated to reflect the 1-for-400 reverse stock split effected on May 5, 2023, with the restated numbers being rounded to the nearest integer where applicable.

Further information about changes to the share capital and the reverse stock split transaction is provided in note 14 of the consolidated financial statements.

7 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 their own name and for their own account. The Articles provide that for as long as registered shares are issued as book-entry securities, the transfer by way of assignment is excluded.

Persons who do not declare that they have acquired their registered shares in their own name and for their own account (each a "Nominee") 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 based on false or misleading information or in the event of a breach of the agreement between the Company and the shareholder concerned. The concerned shareholder must be informed of the cancellation.

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

8 BOARD OF DIRECTORS AND ITS COMMITTEES

8.1 COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2023

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, 2023. A description of each member's nationality, business experience, education, and activities is provided in section 8.3 below. The Board committees are described in section 8.6.

Name	First elected	Elected until	Board	Committees		
				NCC	AFC	CGC
Raghuram Selvaraju	2016	2024	Chairman	X		
Thomas Plitz	2020	2024	Vice-Chairman	X	X	
Patrice Jean	2021	2024	Member		X	X
Michelle Lock	2022	2024	Member			X

8.2 COMPOSITION OF THE BOARD OF DIRECTORS AS OF APRIL 26, 2024

On April 26, 2024, the Extraordinary General Meeting elected Mr. Peter de Svastich, Mr. Gregory Van Beek, and Mr. Thomas Elzinga as new members of the Board, for a term of office extending until the completion of the next Annual General Meeting. Dr. Patrice Jean and Dr. Thomas Plitz concluded their service on the same date. As of the date of this report, the Board is composed of the following members:

Name	First elected	Elected until	Board	Committees		
				NCC	AFC	CGC
Raghuram Selvaraju	2016	2024	Chairman	X		X
Michelle Lock	2022	2024	Member			X
Peter de Svastich	2024	2024	Member	X		
Gregory Van Beek	2024	2024	Member		X	
Thomas Elzinga	2024	2024	Member		X	

8.3 DIRECTORS' EDUCATION AND PROFESSIONAL BACKGROUND

Raghuram Selvaraju, Swiss national, born in 1978.
Dr. Selvaraju serves as Chairman of our Board of Directors. Currently, he is a Managing Director of Equity Research at H.C. Wainwright & Co., LLC., whose research focuses on the healthcare sector. He has over 18 years of experience on Wall Street and previously was a pharmaceutical researcher at Serono in Switzerland. In addition, Dr. Selvaraju has appeared numerous times on Bloomberg, CNBC, Business News Network and BTV where he discussed drug development trends, healthcare reform policy, and pharma and biotech M&A. Prior to joining H.C. Wainwright & Co., Inc., he held senior research positions at MLV & Co., Aegis Capital Corp. – Head of Healthcare Equity Research and Director of Equity Research, Hapoalim Securities U.S.A. – and Rodman & Renshaw LLC. Dr. Selvaraju became the youngest-ever recipient of the Serono Pharmaceutical Research Institute's Inventorship Award for exceptional innovation and creativity in 2003.

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 Cornell University's accelerated one-year program for scientists and engineers and 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.

Michelle Lock, Australian and U.S. national, born in 1968.
Ms. Lock is a member of our Board of Directors and Relief's Interim Chief Executive Officer. Previously, she served as Chief Operating Officer and Chief Commercial 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 strategic, operational and commercialization across various therapeutic areas including oncology, hematology, cardiovascular and metabolic disease, liver disease, immunology, virology and neuroscience. Ms. Lock also 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.

Ms. Lock earned a degree in Science/Nursing at Royal Melbourne University, Australia and studied General Management and Internal General Management at CEDEP, France.

Peter de Svastich, U.S. national, born in 1945.
Mr. de Svastich is a Managing Director at GEM. Mr. de Svastich has deep expertise in the areas of commercial banking, investment banking and alternative investments. For four decades he built banking and financial businesses in the U.S., Brazil, Chile, Spain, and France. He also founded WestHem International Group, a privately held investment management and financial services company. He has formed joint ventures in banking and alternative investments with N.M. Rothschild & Sons (Spain), Banco Internacional y de Comercio Exterior (Chile), Banque Française de Commerce Extérieur (France), and Banque Nationale de Paris (Brazil). He previously served on the Company's Board from May 2016 to December 2020. He currently does not hold, and has not held in the past, any management positions or other significant business connections with the Company.

Mr. de Svastich obtained a Bachelor of Arts Degree in Art and Archeology from Princeton University, an LLB/JD from The Yale Law School, and was the recipient of a Latin American Teaching Fellowship - Fellow in International Law - from The Fletcher School of Law and Diplomacy at Tufts University.

Gregory Van Beek, U.S. national, born in 1969.
Mr. Van Beek is a Managing Director at GEM, focusing on special situation investments in both public capital markets and private opportunities. He has 25 years of experience in private equity, portfolio management, investment research and strategy. Previously, Mr. Van Beek was Senior Vice President at Franklin Templeton Investments. Prior to that, he was Director, Strategy at Temasek International Ltd., the Singaporean sovereign investor. He was also Director and Investment Officer for the firm with transactional responsibilities in various sectors and markets, both emerging and developed. He currently does not hold, and has not held in the past, any management positions or significant business connections with the Company.

Mr. Van Beek holds degrees in Russian and Business from Southern Methodist University, and an MBA from the American Graduate School of International Management.

Thomas Elzinga, U.S. national, born in 1997.
Mr. Elzinga is an Investment Associate at GEM. He is responsible for evaluating both public and private investment opportunities, as well as managing portfolio businesses. Prior to GEM, Mr. Elzinga was a Senior Associate for the Boston Consulting Group (BCG). He began his career as a consultant for Ernst & Young. He currently does not hold, and has not held in the past, any management positions or significant business connections with the Company.

Mr. Elzinga holds a Bachelor of Science in Business Administration from the Olin Business School at Washington University in Saint Louis.

Thomas Plitz, Swiss national, born in 1968.
Until April 26, 2024, Dr. Plitz served as Vice Chairman of our Board of Directors and was chairperson of the Nomination and Compensation Committee of the Board. He is the CEO of Precirix, a biotechnology company developing precision radiopharmaceuticals in oncology. He 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. Prior to Chord Therapeutics, 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.

Patrice Jean, U.S. national, born in 1971.
Until April 26, 2024, Dr. Jean was a member of our Board of Directors and was chairperson of the Audit and Finance Committee and the Corporate Governance Committee. She is the Chair of the Life Sciences Practice at Hughes Hubbard & Reed, an international law firm based in New York City. She has over a decade of experience counseling 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 President-elect 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.

Dr. Jean 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.

8.4 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 mandates for Board members is set forth in article 26 of the Articles.

8.5 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.

8.6 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 videoconference, to which all the Board members are invited. No quorum is required 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 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 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 8 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 affects the activities and 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 members of the Company's senior 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.

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

As a rule, the Board meets as often as the business requires. In 2023, the Board conducted over 30 formal meetings by videoconference or physical attendance with an average duration of 60 to 90 minutes. The NCC attended all Board meetings during 2023 and, when required, prepared and issued recommendations pertaining to nomination and compensation matters. The AFC and CGC attended all Board meetings during 2023 and, when required, prepared and issued recommendations pertaining to 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 9 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 if 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 Group to the Executive Committee, which is responsible for the overall management of the Group, in accordance with the Articles and the areas of responsibility detailed in the Organizational Regulations.

Information and control instruments with respect to the Executive Committee

The Board receives regular reports from management providing updates on the status of finance, business and development activities at least on a quarterly 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 regulatory and development activities.

Board members also have the opportunity to speak directly to the members of the Executive Committee to oversee Relief's business and processes. Each Board member is entitled to request and receive information on all matters of 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 sets 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 related to internal control risks and findings identified through auditing procedures.

8.8 COMPENSATION, SHAREHOLDINGS AND LOANS

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

9 EXECUTIVE COMMITTEE

The Executive Committee, under the direction and control of the Board, conducts the operational management of the Group in accordance with the Organizational Regulations. The members of the Executive Committee are appointed by the Board upon proposal of 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; allocates financial, personnel and other resources within the Group, as well as oversees all operations of the Group. Members of the Executive Committee meet as often as required, in general at least once a week, together with other key personnel of the Group. The meetings usually cover in particular the following topics: marketing activities, business development such as licensing opportunities, ongoing research and development programs, allocation of resources, trends in the economic environment, corporate and legal affairs, public and investor relations, human resources, and regulatory compliance. Members of the Executive Committee may report directly to the Board and Board committees, whenever required by the Board.

9.1 CURRENT MEMBERS OF THE EXECUTIVE COMMITTEE

As of December 31, 2023, the Executive Committee comprised the following members:

- Michelle Lock, Interim Chief Executive Officer
- Paolo Galfetti, Chief Operating Officer
- Jeremy Meinen, Chief Financial Officer

Michelle Lock, Interim Chief Executive Officer, Australian and U.S. national, born in 1968.

See biographical information in section 8.3.

Paolo Galfetti, Chief Operating Officer, Italian national, born in 1965.

Mr. Galfetti is our Chief Operating Officer. 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 Applied Pharma Research SA 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 focusing on Phase I and II clinical trials, as well as Chief Executive Officer and board member of Farma Resa s.r.l., an Italian contract research organization dedicated to Phase III and IV clinical trial on a contract basis.

Mr. Galfetti is a Chartered Financial Analyst (CFA) and has a bachelor's degree in economics from the Commercial University Bocconi, Milan, Italy.

Jeremy Meinen, Chief Financial Officer and Treasurer, Swiss national, born in 1989.

Mr. Meinen serves as our Chief Financial Officer and Treasurer. He joined Relief in April 2020 as ad-interim Chief Financial Officer and was its Vice President Finance and Administration from October 2020 to November 2022. Prior to joining Relief, Mr. Meinen provided financial consulting, controlling 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.

9.2 FORMER MEMBERS OF THE EXECUTIVE COMMITTEE

During 2023, our Executive Committee also comprised the following members:

- Jack Weinstein, Chief Executive Officer until the fourth quarter of 2023
- Marco Marotta, Chief Business Officer until the fourth quarter of 2023
- Nermeen Varawalla, Chief Medical Officer until the second quarter of 2023

Their biographies are included in Relief's 2022 Annual Report, accessible on the Company's website.

9.3 EXTENDED LEADERSHIP TEAM

As part of its strategic transformation initiated in 2023, the Company strengthened its management with an extended leadership team comprised of Giorgio Reiner, Melinda Keegan, and Vincenzo Gallo.

Giorgio Reiner, Corporate Director R&D, has over 30 years of R&D experience. He is leading the development of Relief's pharmaceutical technologies and new products. Mr. Reiner holds a Master's degree in Pharmaceutical Chemistry and Technology from the University of Pharmacy in Milan, Italy.

Melinda Keegan, Corporate Director Human Resources, has over 20 years of HR life sciences experience and in building and leading companies from the initial startup phase and scaling through commercialization. Her expertise includes talent management, culture building, and leadership development. Ms. Keegan holds a Master of Science in organizational development and is certified as a senior professional in human resources (SPHR).

Vincenzo Gallo, Corporate Legal Counsel, has over 10 years of legal expertise in the pharmaceutical industry, gained in both large international and start-up corporations. At Relief, he oversees all legal and compliance matters, including those involving employment laws and intellectual property. Mr. Gallo holds a Master's Degree in Law and is qualified to practice law in Italy.

They are currently not members of the Executive Committee.

9.4 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 disclosed in section 9.1.

The number of permitted mandates for members of the Executive Committee is set forth in article 26 of the Articles.

9.5 MANAGEMENT CONTRACTS

The Company generally enters into full-time employment agreements with members of the Executive Committee for an indefinite term.

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

10 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 7, no restrictions are limiting the Company's shareholders voting rights.

Pursuant to article 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, 2023, the Board had not issued such procedural rules.

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 in force until December 31, 2023. Since the entry into force of the Swiss corporate law reform effective January 1, 2023, article 704 of the Swiss Code of Obligations provides for a revised catalog of important shareholders' decisions.

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. Since the entry into force of the Swiss corporate law reform effective January 1, 2023, the Board is required to convene an extraordinary shareholders' meeting if so requested by shareholders who together hold at least 5% of the Company's share capital or voting rights.

Agenda rules

The Board decides on the agenda of the shareholders' meeting. Shareholders with voting rights representing either alone or together at least 0.5% of the Company's share capital may demand, up to 45 days before the date of the meeting, 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.

11 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.

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.

12 CHANGES OF CONTROL AND DEFENSE MEASURES

As permitted by Swiss law, the Articles contain an opting-out provision that eliminates the obligation for the holder of a number of shares exceeding 33 1/3% of the voting rights (whether exercisable or not) to proceed with a public tender offer to acquire all of the remaining shares of the Company. Therefore, anyone who directly, indirectly or 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 such an offer.

No change of control clauses exists in the mandate and employment agreements with the members of the Board and Executive Committee. 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.

13 AUDITORS

13.1 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 20, 2023. The appointment is made on an annual basis. Mazars SA has been the Company's auditor since May 30, 2017, with Mr. Franck Paucod serving as lead auditor. A successor to Mr. Paucod is anticipated in 2024, adhering to the policy that the lead auditor's role is rotated at a minimum every seven years.

13.2 AUDITING FEES AND ADDITIONAL FEES

The total auditing fee charged and accrued by Mazars SA for the twelve-month period ended December 31, 2023, was CHF 175'000 for audit services. Mazars SA did not earn any fees for non-auditing services in 2023.

Audit services are defined as the audit work that needs to be performed each year by the statutory auditor 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.

13.3 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 to discuss audit procedures, findings, and proposed recommendations. The AFC's primary objective is to assist the Board in monitoring the Company's internal controls related to financial reporting. The AFC meets with the auditors at least twice a year: once to review the results of the completed year-end audit and once to discuss the scope of the upcoming year-end audit.

14 INFORMATION POLICY

Relief reports to its shareholders, employees, business partners and other 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 regulations of the SIX Swiss Exchange as well as of Swiss law.

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

Investors and other parties interested in subscribing to the Company's news service or visiting the Company's website may do so on www.relieftherapeutics.com.

15 QUIET PERIODS

For Relief to comply with applicable law and the regulations of the SIX Swiss Exchange when disclosing material non-public information to the public, Relief sets Quiet Periods during which Relief shall neither (i) communicate any material non-public information to anyone except on a Confidential and Need-to-Know Basis nor (ii) approve trades by insiders in securities of Relief, including shares of Relief, options or convertible bonds, or any other financial instruments whose price is dependent on such securities of Relief (the "Relevant Securities").

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 on prevailing facts and circumstances.

During Quiet Periods, 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 or investors, and no internal publications and announcements to staff on financial information that could give an indication as to the expected half-year or annual results, unless communicated via an ad hoc announcement. During Quiet Periods, members of the Board, members of management, employees and consultants of the Group who have access to material non-public information on a regular basis are prohibited from trading in any Relevant Securities as those persons are designated "Continuing Insiders". It is thus irrelevant whether such persons have actual knowledge of material non-public information or not. Exemptions from this rule include, but are not limited to, the expiry of options or warrants during Quiet Periods. As a general rule, Continuing Insiders must always obtain clearance from the Chief Financial Officer before dealing in Relevant Securities.

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 to the members of the Board of Directors (the Board) and of the Executive Committee of RELIEF THERAPEUTICS Holding SA.

The report is compiled in accordance with the Swiss Code of Obligations and includes information required by the Directive on Information relating to Corporate Governance issued by the SIX Exchange Regulation.

1 COMPENSATION GOVERNANCE

1.1 NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee (the NCC) assists the Board 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 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 and the Executive Committee;
- Recommendation and proposal to the Board of compensation principles and programs, including share-based incentive programs; and
- Recommendation and proposal to the Board for compensation for the members of the Board and Executive Committee and certain other members of the senior 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		Propose	Approve	
Aggregate compensation of the Board		Propose	Review	Approve
Individual remuneration of members of the Board		Propose	Approve	
Aggregate compensation of the Executive Committee		Propose	Review	Approve
Individual compensation of the CEO		Propose	Approve	
Individual compensation of members of the Executive Committee	Propose	Review	Approve	
Compensation report to the shareholders		Propose	Approve	

The NCC consists of a minimum of one member of the Board. 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 2023, 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 the meeting, during which their own compensation is discussed. The NCC Chairman reports to the Board on the activities of the committee after each meeting. The NCC may retain external advisors to obtain support in fulfilling its duties.

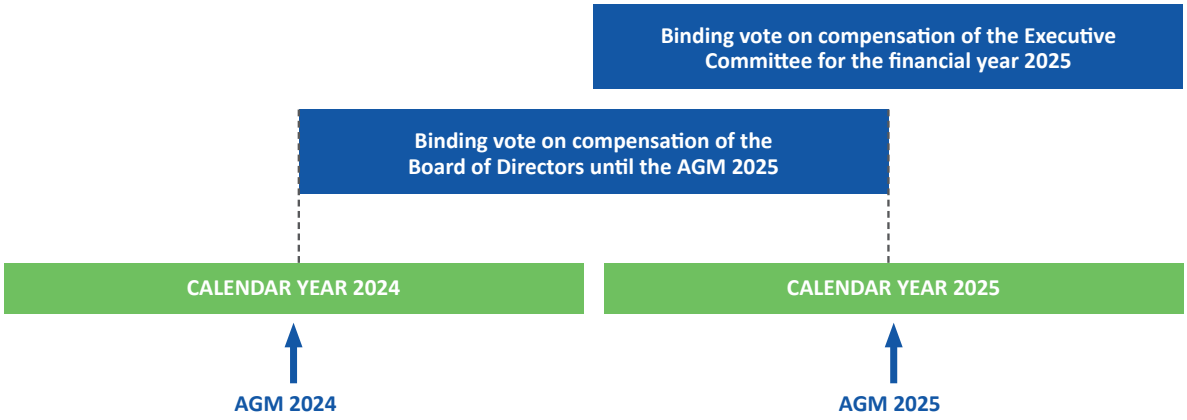
1.2 ROLE OF SHAREHOLDERS: SAY-ON-PAY VOTE

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 and Executive Committee;
- Shareholders' binding vote on compensation of the Board and Executive Committee;
- Additional amount for members of the Executive Committee hired after the vote on compensation by the AGM; and
- Loans, credit facilities and post-employment benefits for members of the Board and of the Executive Committee.

Say-on-pay vote structure

The AGM 2024 to be held by the end of June 2024 will conduct a binding vote on the compensation amount of the Board and Executive Committee. The AGM will vote on the maximum compensation amount of the Board 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 management with the necessary level of planning certainty to operate efficiently.



1.3 METHOD OF DETERMINATION OF COMPENSATION

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

- Affordability and overall situation of the Company;
- Achievement of corporate goals and individual objectives; and
- Level of compensation paid by comparable companies in the biotech and pharmaceutical industry (where they compete for talent) and complexity (defined by their size and geographic scope).

The compensation of the Board and Executive Committee is reviewed annually based on those factors. However, the review does not necessarily lead to adjustments.

2 COMPENSATION OF THE BOARD OF DIRECTORS

2.1 PRINCIPLES AND COMPENSATION ARCHITECTURE

The compensation of the Board is determined based on discretionary economic considerations and may be delivered in cash and in the form of options. Compensation may be subject to regular social security contributions and is not subject to pension contributions.

Additionally, Board members who assume executive functions may be eligible for variable compensation. The Board has the discretion to determine the amount of variable cash compensation and options that may be awarded throughout the year, taking into consideration the factors outlined in section 3 that are relevant to members of the Executive Committee.

The Company reimburses members of the Board for out-of-pocket expenses incurred in relation to their services upon presentation of the corresponding receipts. Expenses reimbursements are not part of the compensation.

2.2 COMPENSATION AWARDED TO THE BOARD OF DIRECTORS

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, including accrued but unpaid compensation as of December 31, 2023.

This section is audited in accordance with article 728a para. 1 item 4 of the Swiss Code of Obligations.

Compensation of the Board of Directors for the 2023 and 2022 calendar years, in CHF

Board of Directors	Cash Fee 2023	Cash Fee 2022	Options 2023	Options 2022	Total [1] 2023	Total [1] 2022
Raghuram Selvaraju Member since 25 May 2016 Chairman	248'260	500'000	—	—	**248'260**	**500'000**
Thomas Plitz Member since 17 Dec. 2020 Vice-Chairman, Committee Chair	133'213	150'000	—	—	**133'213**	**150'000**
Patrice Jean Member since 18 June 2021 Committee Chair	133'213	150'000	—	—	**133'213**	**150'000**
Michelle Lock [2] Member since 28 Jan. 2022	100'000	92'473	—	—	**100'000**	**92'473**
Paolo Galfetti [3] Member till 20 June 2023	70'833	150'000	—	—	**70'833**	**150'000**
Total Board of Directors	**685'519**	**1'042'473**	—	—	**685'519**	**1'042'473**

[1] Does not include the Company's mandatory contribution to social security of CHF 27'779 (2022: CHF 35'515).

[2] For her executive role, Ms. Lock received in 2023 an additional remuneration of CHF 71'750 in cash, CHF 246'059 in options subject to a vesting schedule, and CHF 7'534 in the form of pension contribution. Her executive compensation is reported as part of the compensation of the Executive Committee in section 3.2.

[3] For his executive role during his 2023 tenure on the Board of Directors, Mr. Galfetti received an additional remuneration of CHF 171'300 in cash and CHF 27'697 in the form of pension contribution. His executive compensation is reported as part of the compensation of the Executive Committee in section 3.2.

The figures in the table above cover the 2023 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 are expected to earn a total compensation of CHF 500'000. This is within the limit of CHF 500'000 approved by the Extraordinary General Meeting held on April 26, 2024.

	Calendar year 2023		Authorization Period 2024/2023		
Compensation, in CHF	**Period**	**Amount**	**Period**	**Amount [1]**	**Approved**
Cash Fee	January 2023 - December 2023	685'519	June 2023- June 2024	500'000	
Options	January 2023 - December 2023	—	June 2023- June 2024	—	
Total		**685'519**		**500'000**	**500'000**

[1] As this period has 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 2024.

	Calendar year 2022		Authorization Period 2023/2022		
Compensation, in CHF	**Period**	**Amount**	**Period**	**Amount**	**Approved**
Cash Fee	January 2022 - December 2022	1'042'473	June 2022- June 2023	1’118’056	
Options	January 2022 - December 2022	—	June 2022- June 2023	—	
Total		**1'042'473**		**1’118’056**	**2'500'000**

In 2023 and 2022, no compensation was granted to former members of the Board or their 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 growing its business and increasing revenue. The compensation principles are as follows:

- 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 in the biotech and pharmaceutical industry;
- Pay for performance: part of compensation is directly linked to the performance of the business and the achievement of individual objectives; and
- Alignment with shareholders' interests: part of compensation is delivered in the form of stock options and thus is directly tied to the Company's long-term share performance.

The compensation of the members of the Executive Committee consists of a fixed remuneration, a potential variable remuneration, and other benefits. The fixed remuneration comprises the base salary. The variable remuneration may comprise a performance-based cash bonus and equity grants. The other benefits encompass compensations such as health insurance, retirement contributions, compensations not covered under variable remuneration, and other non-cash benefits.

In addition, the Company reimburses members of the Executive Committee for out-of-pocket expenses incurred in relation to their services upon presentation of the corresponding receipts. Expense reimbursements are not part of the compensation.

Compensation model for the 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 goals, individual performance
Employee Equity Program	Share options	Align with shareholders´ interests	Level of responsibility	Share price
Benefits	Pension/insurance plans	Protect against risk	Market practice	—

Fixed base salary: the fixed base salary remunerates 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 effective and successful conduct of the business and the achievement of individual objectives. The target performance bonus is generally expressed as a percentage of the fixed base salary. At the discretion of the Board and the NCC, a decision to grant a bonus may be taken. The bonus amount effectively paid out is then determined by the Board, based upon the proposal of the NCC. The performance bonus is usually 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 determines the individual allocation of stock options at its own discretion, taking into account the level of responsibility of the position, and economic considerations. For reporting purposes, the value of the options is calculated according to the Black-Scholes valuation model.

Benefits: members of the Executive Committee may 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 average annual compensation of the last three years. Their employment contracts do not contain any provision for severance payments.

3.2 COMPENSATION AWARDED TO THE EXECUTIVE COMMITTEE

This section is audited in accordance with article 728a para. 1 item 4 of the Swiss Code of Obligations.

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 is provided in the Governance Report.

Compensation of the Executive Committee in 2023 and 2022

Calendar year 2023, in CHF	Fixed compensation	Cash bonus	Pension benefits	Other benefits	Options [2]	Total 2023 [3]
Total Executive Committee [1]	**1'461'412**	**85'500**	**90'315**	**486'892**	**246'059**	**2'370'178**

[1] The highest paid member of the Executive Committee in 2023 was the Company's former Chief Executive Officer, Jack Weinstein, who received CHF 409'005 in fixed compensation and CHF 476'466 in other benefits. Other benefits include an additional 12-month remuneration of CHF 465'119, in accordance with pre-existing contractual terms, pursuant to Mr. Weinstein's post-employment non-compete and non-solicitation obligation.

[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 or realized income. These options were not yet granted as of December 31, 2023, but committed by the Company, contingent upon the Company meeting specific technical requirements. For accounting purposes, in accordance with IFRS 2, these were treated as granted options.

[3] Does not include the Company's mandatory contribution to social security of CHF 115'991.

Calendar year 2022, in CHF	Fixed compensation	Cash bonus	Pension benefits	Other benefits	Options	Total 2022 [2]
Total Executive Committee [1]	**1'635'477**	**160'130**	**89'087**	**35'068**	**-**	**1'919'762**

[1] The highest paid member of the Executive Committee in 2022 was the Company's former Chief Executive Officer, Jack Weinstein, who received CHF 481'521 in fixed compensation, CHF 50'130 in variable cash compensation, and CHF 10'929 in other benefits.

[2] Does not include the Company's mandatory contribution to social security of CHF 128'696.

During the calendar year 2023, the remuneration of the Executive Committee amounted to CHF 2'370'178. This was within the limit of CHF 5'000'000 approved by the AGM 2022.

In 2023 and 2022, the Company did not issue any payment to former members of the Executive Committee.

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

In 2023 and 2022, the Company has not granted any loans to members of the Board and Executive Committee.

5 SHARE OWNERSHIP

Shares and options owned by the members of the Board and Executive Committee are disclosed in note 11 of the Company's statutory financial statements in this Annual Report.

6 DISCLOSURE OF EXTERNAL MANDATES OF THE BOARD OF DIRECTORS

The following table shows the external mandates within the meaning of articles 626 para. 2 no. 1 and 734e of the Swiss Code of Obligations held by the members of the Board as of December 31, 2023:

Member	Mandate	Entity
Raghuram Selvaraju	Managing Director	H.C. Wainwright & Co., LLC
Thomas Plitz	None	None
Patrice Jean	Chair of the Life Sciences Practice	Hughes Hubbard & Reed LLP
	Vice-President	New York Intellectual Property Law Education Foundation
	President-elect	New York Intellectual Property Law Association
Michelle Lock	None	None

7 DISCLOSURE OF EXTERNAL MANDATES OF THE EXECUTIVE COMMITTEE

No member of the Executive Committee held an external mandate within the meaning of articles 626 para. 2 no. 1 and 734e of the Swiss Code of Obligations as of December 31, 2023.

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RELIEF THERAPEUTICS Holding SA
Geneva

Report on the Audit
of the Compensation Report
according to Art. 734a – 734f CO

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Report on the Audit of the Compensation Report according to Art. 734a-734f CO

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

Opinion

We have audited the accompanying compensation report of RELIEF THERAPEUTICS Holding SA (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” on pages 53 to 54 and page 56 of the compensation report.

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

Basis for opinion

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

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

Other information

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

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

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

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

Board of Directors' Responsibilities for the Compensation Report

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

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Auditor's Responsibilities for the Audit of the Compensation Report

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

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

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

MAZARS SA

/s/ Franck Paucod

Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

/s/ Yoann Bois

Yoann Bois
Licensed Audit Expert

Geneva, April 30, 2024

Enclosure
- Compensation report

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended December 31, 2023

CONSOLIDATED BALANCE SHEET

in CHF thousands	Notes	December 31, 2023	December 31, 2022
ASSETS			
Intangible assets	7	54'414	162'915
Right-of-use assets	8	2'570	2'642
Property and equipment	9	397	49
Other non-current assets		116	114
Deferred tax assets	30	589	495
Non-current assets		**58'086**	**166'215**
Inventories	10	557	227
Trade receivables	11	1'171	1'321
Other current assets	12	2'020	1'798
Cash and cash equivalents	13	14'556	19'237
Current assets		**18'304**	**22'583**
Total assets		**76'390**	**188'798**
EQUITY AND LIABILITIES			
Share capital	14	56'163	56'163
Reserves	15	220'330	220'961
Treasury shares		(6'001)	(12'108)
Accumulated losses		(218'264)	(119'599)
Equity		**52'228**	**145'417**
Non-current lease liabilities	8	2'086	2'232
Non-current borrowings	16	9	16
Defined benefit obligations	17	1'589	1'772
Provisions	18	6'203	7'909
Deferred tax liabilities	30	7'366	20'736
Non-current liabilities		**17'253**	**32'665**
Current lease liabilities	8	524	444
Current borrowings	16	337	372
Trade payables		1'025	1'625
Financial liabilities due to related parties	19	1'355	1'280
Provisions	18	235	3'094
Other current payables and liabilities	20	3'433	3'901
Current liabilities		**6'909**	**10'716**
Total equity and liabilities		**76'390**	**188'798**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

in CHF thousands	Notes	2023	2022
Revenue	6	6'033	6'081
Other gains	21	295	1'029
Total income		**6'328**	**7'110**
Raw materials and consumables expenses	22	(1'736)	(1'250)
External selling and distribution expenses	22	(2'200)	(3'307)
External research and development expenses	23	(1'328)	(12'393)
Personnel expenses	24	(11'838)	(12'998)
Other administrative expenses	25	(5'391)	(7'747)
Other losses	26	(48)	(63)
EBITDA		**(16'213)**	**(30'648)**
Change in fair value of contingent consideration	18	4'782	8'892
Impairment expense	27	(96'079)	(26'424)
Amortization and depreciation expense	28	(3'318)	(3'860)
Operating result		**(110'828)**	**(52'040)**
Financial income	29	93	18
Financial expense	29	(949)	(2'294)
Net loss before taxes		**(111'684)**	**(54'316)**
Income taxes	30	13'503	3'526
Net loss for the period		**(98'181)**	**(50'790)**
OTHER COMPREHENSIVE INCOME			
Remeasurement of defined benefit obligations	17	(484)	942
Items that will not be reclassified to profit or loss		**(484)**	**942**
Currency translation differences	15.3	63	461
Items that may be reclassified to profit or loss		**63**	**461**
Other comprehensive income for the period, net of tax		**(421)**	**1'403**
Total comprehensive loss for the period		**(98'602)**	**(49'387)**
EARNINGS PER SHARE			
Basic and diluted loss per share (in CHF)	32	(8.354)	(4.805)

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

CONSOLIDATED CASH FLOW STATEMENT

in CHF thousands	Notes	2023	2022
Net loss for the period		(98'181)	(50'790)
Adjustments for:			
Income tax (income)/expense	30.1	(13'503)	(3'526)
Depreciation and amortization expense	28	3'318	3'860
Impairment of intangible assets	7	95'895	26'424
Impairment of receivables	11	36	24
Reversal of impairment loss	11, 21	(73)	(453)
Gain from fair value adjustments to contingent payments	18	(4'782)	(8'892)
Finance expenses	29	883	1'920
Finance income	29	(93)	(18)
Interest expenses paid on borrowings and lease liabilities		(143)	(374)
Gain on divestment of intangible assets	21	(125)	-
Change in defined benefit obligations	17	(667)	(79)
Share-based payment expense	31	814	2'186
Changes in working capital:			
Decrease/(Increase) in inventories		(330)	164
Decrease/(Increase) in trade receivables		129	(19)
Decrease/(Increase) in other assets		(163)	6'481
(Decrease)/increase in trade payables		(599)	(75)
(Decrease)/increase in provisions		440	(586)
(Decrease)/increase in other payables and liabilities		(468)	(373)
Cash flow used in operating activities		**(17'612)**	**(24'126)**
Payments for property, plant and equipment	9	(446)	(33)
Payments for intangible assets	7	-	(488)
Payments for other financial assets		(5)	(38)
Proceeds from partial divestment of intangible assets	4.1	8'865	-
Proceeds from acquisition price adjustment of intangible assets	7	188	-
Milestone payments related to acquisition of subsidiaries	18	-	(7'920)
Proceeds from other financial assets		-	462
Interest received		93	18
Cash flow from (used in) investing activities		**8'695**	**(7'999)**
Proceeds from capital increase	14	5'014	60
Sale of treasury shares	14	80	7'051
Equity transaction costs	14	(494)	(223)
Repayment of lease liabilities	33.2	(530)	(390)
Repayment of borrowings	33.2	(20)	(81)
Cash flow from financing activities		**4'050**	**6'417**
Net decrease in cash and cash equivalents		**(4'867)**	**(25'708)**
Cash and cash equivalents at beginning of period		19'237	44'761
Exchange difference on cash and cash equivalents		186	184
Cash and cash equivalents at end of period		**14'556**	**19'237**

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, 2022		**44'133**	**(2'999)**	**210'147**	**(69'751)**	**181'530**
Result for the period		-	-	-	(50'790)	(50'790)
Other comprehensive income for the period		-	-	461	942	1'403
Total comprehensive result for the period		**-**	**-**	**461**	**(49'848)**	**(49'387)**
Issuance of treasury shares	14	12'000	(12'000)	-	-	-
Direct Share Placement program	14	-	1'389	5'662	-	7'051
Acquisition milestone share payments	18	-	1'502	2'698	-	4'200
Transaction cost in relation to capital increases	14	-	-	(223)	-	(223)
Exercise of options	14	30	-	30	-	60
Share-based compensation cost	31	-	-	2'186	-	2'186
Balance at December 31, 2022		**56'163**	**(12'108)**	**220'961**	**(119'599)**	**145'417**
Balance at January 1, 2023		**56'163**	**(12'108)**	**220'961**	**(119'599)**	**145'417**
Result for the period		-	-	-	(98'181)	(98'181)
Other comprehensive income for the period		-	-	63	(484)	(421)
Total comprehensive result for the period		**-**	**-**	**63**	**(98'665)**	**(98'602)**
Direct Share Placement program	14	-	100	2	-	102
Private placement	14	-	4'800	194	-	4'994
Withdrawal of fractional shares	14	-	(12)	(10)	-	(22)
Transaction cost in relation to capital increases	14	-	-	(494)	-	(494)
Exercise of options	14	-	19	-	-	19
Exercise of pre-funded warrants	14	-	1'200	(1'200)	-	-
Share-based compensation cost	31	-	-	814	-	814
Balance at December 31, 2023		**56'163**	**(6'001)**	**220'330**	**(218'264)**	**52'228**

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 OTCQB (tickers: RLFTF, RLFTY).

The Group focuses on the identification, development and commercialization of novel, patent protected products intended for the treatment of metabolic, dermatological and pulmonary rare diseases with a portfolio of clinical and marketed products that serve unmet patient needs.

In March 2021, Relief signed a collaboration and license agreement with Acer Therapeutics, Inc. ("Acer") for the worldwide development and commercialization of ACER-001 (OLPRUVA®) for the treatment of urea cycle disorders ("UCDs") and maple syrup urine disease ("MSUD"). In December 2022, the FDA approved OLPRUVA for the treatment of UCDs in the U.S. In August 2023, Relief and Acer terminated the March 2021 collaboration and license agreement and entered into a new exclusive license agreement for the development and commercialization of OLPRUVA for the treatment of UCDs, MSUD, and other potential indications. Under the terms of the new agreement, Acer retains development and commercialization rights worldwide, excluding Europe where Relief retains these rights.

In June 2021, the Group acquired APR Applied Pharma Research SA ("APR"), a privately held Swiss pharmaceutical company specialized in formulating, developing, and commercializing known molecules designed with proprietary drug delivery systems for niche and specialty diseases. The acquisition transformed Relief into a fully integrated commercial-stage biopharmaceutical group. The acquisition further diversified Relief's pipeline and portfolio with both commercial products and clinical-stage programs, provided a commercial infrastructure in Europe and strengthened internal research and development capabilities.

In July 2021, the Group acquired AdVita Lifescience GmbH ("AdVita"). The acquisition strengthened the Group's expertise and intellectual property rights around the inhaled formulation and delivery of Aviptadil.

In 2022, Relief established a commercial unit in the U.S. to launch PKU GOLIKE in October 2022 and market potential future products in the U.S. market. In December 2023, the Group initiated a progressive transition from a direct marketing and sales infrastructure to a partnership-based model for its commercial-stage assets.

These consolidated financial statements were approved for publication by the Board of Directors on April 29, 2024.

2. 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, 2023. The revised Standards did not have a material effect on these financial statements.

- Amendments to IAS 1'Presentation of Financial Statements' on disclosure of accounting policies;
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of accounting estimates; and
- Amendments to IAS 12 'Income taxes' on deferred tax related to assets and liabilities arising from a single transaction and on international tax reform (Pillar Two Model Rules).

2.2 IFRS Standards and Interpretations issued and not yet adopted

Certain new 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.

Effective and applied from January 1, 2024

- Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities as current or non-current and non-current liabilities with covenants;
- Amendment to IAS 7 and IFRS 7 on disclosure of Supplier Finance Arrangements;
- Amendment to IFRS 16 'Leases' on lease liability in a sale-and-leaseback; and

Effective and applied from January 1, 2025

- Amendment to IAS 21 'The effects of changes in foreign exchange rates' on lack of exchangeability.

3. Summary of material accounting policies

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the 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, and are presented in Swiss francs (CHF). All values are rounded to the nearest thousand (TCHF), except when otherwise indicated.

3.2 Reclassification

A gain of TCHF 8'892 on fair value remeasurement of contingent consideration in the comparative period of the consolidated statement of comprehensive loss has been reclassified from 'Other gains' to a distinct line 'Change in fair value of contingent consideration' to conform with the current period presentation. This line item has been classified below EBITDA to enhance the presentation and understandability of the Company's consolidated statement of comprehensive loss. Gains or losses from changes in the fair value of contingent considerations (note 18) are non-cash transactions and generally occur in opposite correlation with impairment gains or losses on intangible assets.

This reclassification had no impact on the Group's previously reported financial positions or net loss for the period.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company RELIEF THERAPEUTICS Holding SA and its subsidiaries as of December 31, 2023 and 2022. 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; and
- 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.

3.4 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 within 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.

3.5 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 applicable IFRS. Contingent consideration that is classified as equity, if any, 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 reassessment 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 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.

3.6 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 to 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. If 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, 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, partners, and 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, is accounted for as gross revenue. Any consideration related to activities in which Relief is considered the agent, is 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 the 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.

3.7 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 Group.

Transactions and balances

In preparing the financial statements of each 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.

3.8 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 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.

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.

Gains or losses arising from the 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.

3.9 Leases

The Group assesses whether a contract is or contains a lease at the 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 the lease term and the 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.

3.10 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, if any.

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 33.

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. ECLs 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.

3.11 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 is 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.

3.12 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.

3.13 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, canceled, or expired.

3.14 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, and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates and applicable 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.

3.15 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.

3.16 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 annually. Once available for use, such intangible assets are amortized on a straight-line basis over the period of expected benefits.

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.

3.17 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 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.

3.18 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 when service conditions are fulfilled as employee benefit expenses. 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 judgments 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 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 judgments 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 the worldwide development and commercialization of ACER-001 (OLPRUVA®) for the treatment of UCDs, MSUD, and other potential indications. The management assessed the payment of USD 15 million made by Relief in 2021 was in substance the acquisition cost of the development project. Consequently, the license and the price paid for its acquisition met the requirements of an intangible asset and were capitalized as an intangible asset. The USD 20 million upfront development payments paid by Relief to Acer in 2021 and 2022 for further development activities did not meet the capitalization criteria for intangible assets and were expensed over the period of the development activity as incurred. In accordance with the cost accumulation approach, possible future milestone payments were not considered on initial recognition of the asset.

In August 2023, Relief and Acer terminated the March 2021 collaboration and license agreement. Concurrently, the parties entered into a new exclusive license agreement. Relief's primary entitlement was restructured from a 60% net profit share from U.S. sales of OLPRUVA® to a continuous 10% royalty stream on U.S. net sales. Furthermore, Relief returned to Acer development and commercialization rights for non-US-territories, excluding Europe where Relief retained these rights. In exchange, Relief received from Acer a non-refundable USD 10 million (CHF 8.9 million) upfront payment in cash and was due to receive an additional non-contingent cash payment of USD 1.5 million (CHF 1.3 million) in August 2024. As further delineated in note 7.2, the transaction was accounted for as a partial disposal of the intangible asset associated with ACER-001.

Revenue recognition

Revenue is primarily from fees related to license fees, royalties and product sales. Given the complexity of certain agreements, judgment 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 have been prepared assuming the Group will continue as a going concern which contemplates the continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. As of December 31, 2023, the Group had cash and cash equivalents of CHF 14.6 million. Based on financial projections and available cash, the Group is expected to have sufficient resources to fund operations for at least the next twelve months.

Since its inception, the Group has primarily relied on external financing to fund its cash needs and has experienced recurring losses. The Group may continue to generate operating losses in the foreseeable future. The Group's long-term viability depends on its ability to raise additional capital or to generates positive cash flows to support its operations. The Group may never achieve sustainable profitability and is exposed to all the risks inherent in establishing a business. Management intends to continue to explore options to obtain additional funding. However, there can be no assurance that capital will be available in sufficient amounts or on acceptable terms. If Relief is unable to obtain the required funding, it will be forced to delay, reduce or eliminate some or all of its research and development programs and of its product portfolio expansion or commercialization efforts, which could adversely affect its business prospects or result in the Group's inability to continue operations.

4.2 Key sources of estimation uncertainty

Assessment of contingent liabilities

IFRS 3 requires the recognition of contingent considerations arising from business combinations at fair value at the acquisition date. The fair value of the contingent consideration is estimated based on management's assessment of the likelihood of the contingency occurring and the amount of payment that would be required if the contingency were to occur. Contingent considerations are subsequently measured at fair value at the end of each reporting period. The estimation of the fair value requires the use of estimates and assumptions that are subject to significant judgment, as further detailed in note 18.

The Group is exposed to contingencies, including litigations and regulatory or legal proceedings, in its ordinary course of business. A provision is recognized when an outflow of resources is probable and the amount can be estimated reliably. If an outflow is not considered probable or the amount cannot be estimated reliably, no provision is recorded. The outcome of these proceedings is inherently uncertain, and assessing their likelihood and potential impact on the Group’s financial position or performance involves significant judgment.

Valuation and impairment of intangible assets

Determining whether intangible assets and goodwill 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, an impairment allowance is recorded. Changes to the assumptions may result in additional impairment losses or impairment reversals in subsequent periods. Further details regarding the valuation methods used and the key assumptions and judgments made in relation to intangible assets and goodwill are provided in note 7.

Share-based compensation

The fair values of the options at the grant date are assessed using the Black-Scholes valuation model and are spread over the applicable vesting period of each option. The amount recognized as an expense in the income statement represents the value of the services received during the reporting period in exchange for the options granted.

The fair value of the options granted is estimated at the grant date based on the Black-Scholes valuation model. The main inputs subject to estimation used in the model are the expected life of each option and the volatility of the underlying share.

Deferred income tax assets

The recoverability of deferred income tax assets is assessed based on management's judgment, taking into consideration the Group companies' forecasted future taxable profits that are subject to uncertainty. Deferred income tax assets are recognized only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carried forward losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The assessment of the recoverability of deferred tax assets requires significant judgment and involves the use of assumptions and estimates regarding future taxable profits. The Group considers all available positive and negative evidence when assessing the recoverability of deferred tax assets, including historical profitability, future plans, and reasonable and supportable forecasts of future taxable profits.

Defined benefit obligations

A retirement benefit obligation for personnel is recognized based on various financial and actuarial assumptions. The key assumptions used to assess these obligations are the discount rate, future salary increases, future pension increases, and the probability of the employee reaching retirement. An actuarial expert performed the calculations, and the principal assumptions used are summarized in note 17.

5. Group companies

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

Name	Country	Location	Equity interest	
			2023	2022
Relief Therapeutics International SA	Switzerland	Geneva	100%	100%
Relief Therapeutics US, Inc.	United States	Connecticut	100%	100%
Relief Therapeutics, Inc.	United States	Delaware	100%	100%
APR Applied Pharma Research SA	Switzerland	Balerna	100%	100%
APR Applied Pharma Research Holding SA	Switzerland	Balerna	100%	100%
APR Applied Pharma Research - Italy s.r.l.	Italy	Monza	100%	100%
APR Applied Pharma Research Deutschland GmbH	Germany	Offenbach am Main	100%	100%
AdVita Lifescience GmbH	Germany	Freiburg im Breisgau	100%	100%
AdVita Lifescience AG	Switzerland	Basel	100%	100%
AdVita Lifescience, Inc.	United States	New York	100%	100%

The equity interest percentage shown in the table also represents the share in voting rights in those entities as of December 31, 2023 and 2022.

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

The Group generates revenue primarily from sales of products and out-licensing transactions. In 2023, the three largest customers of the Group represented 12.5%, 6.4% and 6.1%, respectively, of the total revenue (2022: 21.5%, 16.2% and 10.3%).

The disaggregation of the Group's revenue is presented in the following table. Revenue is reported by geographical location based on the location of the customer or licensee and, for R&D services, based on the location where the services were performed.

TCHF	2023	2022
Revenue streams		
Royalties	1'411	2'482
Product sales	4'256	2'525
Licensing fees	19	380
Revenue from research and development services	347	694
Total revenue	**6'033**	**6'081**
Geographical area		
Switzerland	414	800
Europe (excluding Switzerland)	2'886	2'412
North America	1'406	1'699
Rest of the world	1'327	1'170
Total revenue	**6'033**	**6'081**
Timing of revenue recognition		
Point in time	6'033	6'081
Over time	-	-
Total revenue	**6'033**	**6'081**

6.3 Geographical location of non-current assets

TCHF	December 31, 2023	December 31, 2022
Switzerland	57'189	165'484
Rest of the world	193	122
Total non-current assets *	**57'382**	**165'606**

* Without financial assets and deferred tax assets

7. Intangible assets

TCHF	Technologies, patents and trademarks	Licenses	In-process research and development	Goodwill	Total
Historical cost					
January 1, 2022	**39'357**	**13'729**	**132'395**	**8'658**	**194'139**
Addition	174	-	314	-	**488**
December 31, 2022	**39'531**	**13'729**	**132'709**	**8'658**	**194'627**
Acquisition price adjustment	-	-	(188)	-	**(188)**
Divestment	-	(9'747)	-	(455)	**(10'202)**
December 31, 2023	**39'531**	**3'982**	**132'521**	**8'203**	**184'237**
Accumulated amortization and impairment					
January 1, 2022	**(1'840)**	**-**	**-**	**-**	**(1'840)**
Amortization	(3'448)	-	-	-	**(3'448)**
Impairment	(24'255)	-	(529)	(1'640)	**(26'424)**
December 31, 2022	**(29'543)**	**-**	**(529)**	**(1'640)**	**(31'712)**
Amortization	(1'930)	(752)	-	-	**(2'682)**
Impairment	-	-	(89'878)	(6'017)	**(95'895)**
Divestment	-	466	-	-	**466**
December 31, 2023	**(31'473)**	**(286)**	**(90'407)**	**(7'657)**	**(129'823)**
Carrying amount per class					
December 31, 2022	9'988	13'729	132'180	7'018	162'915
December 31, 2023	**8'058**	**3'696**	**42'114**	**546**	**54'414**
Carrying amount per asset					
PKU GOLIKE	4'344	-	-	-	**4'344**
Diclofenac	3'714	-	-	360	**4'074**
ACER-001	-	3'696	-	186	**3'882**
RLF-100	-	-	17'130	-	**17'130**
RLF-TD011	-	-	24'858	-	**24'858**
Sentinox	-	-	-	-	**-**
RLF-OD032	-	-	126	-	**126**
December 31, 2023	**8'058**	**3'696**	**42'114**	**546**	**54'414**
PKU GOLIKE	4'678	-	-	-	**4'678**
Diclofenac	5'310	-	-	360	**5'670**
ACER-001	-	13'729	-	641	**14'370**
RLF-100	-	-	81'516	3'805	**85'321**
RLF-TD011	-	-	47'392	2'212	**49'604**
Sentinox	-	-	2'958	-	**2'958**
RLF-OD032	-	-	314	-	**314**
December 31, 2022	**9'988**	**13'729**	**132'180**	**7'018**	**162'915**

Intangible assets include acquired patents, trademarks, 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 estimated fair value at the date of the acquisition.

7.1 Technologies, patents and trademarks

These intangible assets relate to the following on-market products acquired through the business combination with APR in 2021:

- PKU GOLIKE®, an amino acid mix product commercialized by Relief for the dietary management of phenylketonuria.
- Diclofenac-based products, a product line indicated for the treatment of inflammatory conditions and pain management. These products are commercialized by third parties under different brand names, including Cambia®, Voltfast® and Voltadol®.

The acquisition costs are amortized over the estimated remaining useful lives of the assets, which range from approximately 2 to 13 years with a weighted average of 8.5 years as of December 31, 2023. Amortization is charged on a straight-line basis over the estimated economic or legal useful life, whichever is shorter.

7.2 Licenses

The intangible asset is the acquisition cost of licensing and royalty rights for the development and commercialization of ACER-001. ACER-001 is a proprietary taste masked formulation of sodium phenylbutyrate for application in the treatment of Urea Cycle Disorders and, potentially, Maple Syrup Urine Disease. In December 2022, ACER-001 was approved in the U.S. by the Food and Drug Administration for the treatment of Urea Cycle Disorders under the trademark OLPRUVA®.

Pursuant to the August 2023 termination and license agreements, Relief is entitled to receive from Acer a 10% continuing royalty on net sales of OLPRUVA in the Acer territory (worldwide, excluding Europe), and 20% of any value received by Acer from licensing or divestment transactions relating to OLPRUVA, up to a cumulative amount of USD 45 million (CHF 37.9 million). Relief committed to paying Acer a variable, continuing royalty up to a maximum of 10% of potential future net sales of OLPRUVA in Europe and 20% of any value received by Relief from sublicensing transactions relating to OLPRUVA.

The termination of the March 2021 collaboration and license agreement was accounted for as a partial disposal of the asset (note 4.1). Based on internal valuation models, the Group determined that the transaction resulted in a notional reduction of 71% in the risk-adjusted future economic benefits expected from the license. As a result, 71% of the net carrying amount of the asset was derecognized on the date of the transaction. In addition, a corresponding portion of goodwill allocated to ACER-001 was derecognized. The total non-contingent consideration, amounting to USD 11.5 million (CHF 10.2 million), including a one-year deferred payment of USD 1.5 million (CHF 1.3 million), was recognized as divestment proceeds. Adjustments to this amount included (i) a financing component of TCHF 86, which is recognized as interest income between August 2023 and August 2024, and (ii) an expected credit loss provision amounting to TCHF 249. Royalty payments from Acer to Relief, which are contingent on sales, are recognized as revenue in the periods the sales occur. The transaction resulted in a disposal gain of TCHF 125, which was recognized within the income statement (note 21).

The intangible asset associated with the ACER-001 license is amortized from January 1, 2023, on a straight-line basis over its estimated useful life of 14 years.

7.3 In-process research and development (IPR&D)

IPR&D assets mainly relate to the following programs:

- RLF-100®, a medicinal product candidate to prevent and resolve respiratory failure and its complications. It was initially acquired in 2016 in the business combination between Relief Therapeutics SA and THERAMetrics Holding AG. The Group gained additional expertise and intellectual property rights around the inhaled formulation of Aviptadil with the acquisition of AdVita in 2021.
- RLF-TD011, a phase 2 clinical-stage drug candidate for the management of wounds in patients with epidermolysis bullosa. Manufactured using the Group's proprietary TEHCLO Nanotechnology™, RLF-TD011 is a differentiated acid oxidizing solution of hypochlorous acid with an anti-microbial and anti-inflammatory activity with the potential to treat wound colonization, reduce local inflammation, alleviate symptoms and hasten wound healing in epidermolysis bullosa.
- RLF-OD32, a novel dosage form of a prescription drug already approved by the U.S. Food and Drug Administration and intended for the treatment of patients with phenylketonuria. Relief acquired in 2022 worldwide development and commercialization rights for RLF-OD32, except for the United Kingdom.

IPR&D assets are indefinite-life intangible assets until completion or abandonment of the associated research and development programs. Amortization will commence when the assets become available for use, generally once regulatory and marketing approvals are obtained.

7.4 Goodwill

A goodwill of TCHF 8'658 was recognized through the acquisition of APR in 2021. The goodwill was recognized at cost on the acquisition date for the difference between the consideration transferred and the net fair value of assets, liabilities and contingent liabilities identified in the purchase price allocation. The Group had identified that the group of cash-generating units (CGUs) constituting the sole operating segment (note 6.1) was expected to benefit from the combination. Accordingly, goodwill was allocated to this group of CGUs.

Since the acquisition date, goodwill was impaired by TCHF 7'657 due to impairments recognized on certain underlying CGUs and was partially disposed of by TCHF 455 in relation to the renegotiation of the Acer license agreement.

7.5 Impairment test

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. Intangible assets with indefinite useful lives are not amortized but are tested for impairment either individually or at the cash-generating unit level. The Group generally tests its intangible assets for impairment at the end of the year, or more frequently if events or changes in circumstances indicate that intangible assets may be impaired.

In 2023, the Group identified circumstances that negatively affected the recoverable value of its assets in development and, potentially, of certain of its assets associated with marketed products. Consequently, the Group conducted an impairment test of its significant intangible assets and goodwill as of December 31, 2023.

For the purpose of impairment testing, goodwill was allocated to each CGU constituting the sole operating segment of the Group. The recoverable amount of the group of CGUs is based on the cumulated value in use estimated for each CGU or group of CGUs. The Group's material CGUs relate to the on-market drugs and drug candidates referred to above. The impairment test was performed by determining the recoverable amount of each CGU as the risk-adjusted net present value of future cash flows.

Key assumptions used in value in use calculations

The estimation of recoverable amounts involves significant management judgment. The values assigned to each assumption on an asset basis are based on historical data from external and internal sources and on management's estimates. The key assumptions used in the valuation models were determined as follows:

- Cash flow projections were based on a financial forecast developed by management, which includes projections for net sales, cost of sales, licensing fees, and development costs. These projections are periodically reviewed and updated by management.
- Revenue projections were based on a product-specific analysis that considered relevant market sizes, disease prevalence, incidence rates, expected market share, expected patent life, expected licensing terms, and the expected year of regulatory approval for unapproved product candidates based on the current stage of development and expected development plan.
- Forecast periods were defined on a product basis and based on product life cycles. For on-market products, cash flows were projected for each CGU over a period of five years and 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. For in-process projects, cash flows were projected over a period of up to 20 years, reflecting the length of the development and subsequent commercialization period. Relief's approach to compiling development and commercial forecasts is based on a combination of external sources and internal estimates, which includes the use of patient-based models. This methodology is commonly employed in the pharmaceutical industry and has demonstrated satisfactory results over time. No terminal value was considered.
- Probabilities of success for tested IPR&D assets, which are associated with projects in process aiming to reach final development and commercialization, ranged from 12% to 35%. These probabilities were based on empirical success rate analysis of multi-stage studies for comparable indications, or if this approach could not be applied, management exercised its judgment.
- The pre-tax discount rate was 15.41% based on the assumed cost of capital for the Group (December 31, 2022: 16.54%).

Impairment test conclusion

Relief conducted a comprehensive strategic review and initiated in the fourth quarter of 2023 its transition from a direct marketing and sales infrastructure to a partnership-based model. This pivotal shift, alongside additional knowledge gained during the year into the development requirements for the Group's IPR&D assets, necessitated adjustments in projected development costs and timelines. The Group revised its commercialization and development plans accordingly.

For the year ended December 31, 2023, the Group recognized a non-cash impairment charge of TCHF 95'895 to write down the carrying value of intangible assets associated with RLF-100, RLF-TD011 and Sentinox. The impairment charge was recorded in the comprehensive statement of loss under the heading 'Impairment expense'.

Impairment charges of TCHF 64'386 for RLF-100 and TCHF 22'534 for RLF-TD011 were recognized in the current period, primarily attributable to the postponement of projected returns arising from an extended development timeline and a reduction in projected returns based on the transition to a partnership model. Additionally, a TCHF 2'958 impairment charge was recognized to entirely write down the value of Sentinox following the discontinuation of its development and potential market introduction. Furthermore, goodwill allocated to affected CGUs was entirely impaired for a total amount of TCHF 6'017.

For other intangible assets and remaining goodwill, the Group determined based on the results of the impairment test that their estimated value in use exceeded their respective carrying amounts as of the measurement date. Therefore, the Group did not record an impairment charge on these other assets.

Sensitivity to changes in assumptions

The Group performed a sensitivity analysis taking into account reasonably possible changes in the assumptions the value in use is most sensitive to, as listed in the key assumptions section above, including higher discount rate, lower projected income, increased development budget, and postponed market launch when applicable.

The intangible assets associated with RLF-100 and RLF-TD011 had estimated recoverable amounts that exactly matched their carrying amounts due to the impairment recognized in the current reporting period. They are inherently sensitive to any changes in assumptions, any of which could result in future impairments.

For intangible assets associated with PKU GOLIKE, OLPRUVA, and Diclofenac, the Group concluded that no reasonably possible change of key assumptions would cause the carrying amount to exceed the recoverable amount.

While management believes the assumptions used are reasonable, changes in these assumptions could result in a future material impairment. The completion of the development of IPR&D assets is subject to the availability of capital, which is uncertain as discussed in note 4.1 of these consolidated financial statements. If the Group is unable to secure sufficient capital, it will be forced to delay or abandon certain development activities, which could lead to a material impairment of the affected assets.

8. Leases

8.1 Right-of-use assets

TCHF	Building	Equipment	Total
Historical cost			
January 1, 2022	**2'538**	**139**	**2'677**
Addition	-	549	**549**
Foreign exchange difference	(9)	(2)	**(11)**
December 31, 2022	**2'529**	**686**	**3'215**
Addition	86	468	**554**
Disposal	(89)	(46)	**(135)**
Foreign exchange difference	(6)	(2)	**(8)**
December 31, 2023	**2'520**	**1'106**	**3'626**
Accumulated depreciation			
January 1, 2022	**(147)**	**(32)**	**(179)**
Depreciation	(292)	(105)	**(397)**
Foreign exchange difference	3	-	**3**
December 31, 2022	**(436)**	**(137)**	**(573)**
Depreciation	(285)	(252)	**(537)**
Disposal	41	11	**52**
Foreign exchange difference	1	1	**2**
December 31, 2023	**(679)**	**(377)**	**(1'056)**
Carrying amount			
at December 31, 2022	2'093	549	2'642
at December 31, 2023	**1'841**	**729**	**2'570**

The Group leases various assets, including office equipment, laboratory equipment, cars, and office buildings in Switzerland, the U.S., Italy, and Germany. The remaining expected lease terms for these assets range between 1 year and 9 years. Except for office and laboratory equipment, the Group does not have an option to purchase the assets at the end of the lease term.

8.2 Maturity of lease liabilities

TCHF	December 31, 2023	December 31, 2022
< 1 year	524	444
1-5 years	1'824	1'455
> 5 years	262	777
Total	**2'610**	**2'676**

8.3 Amounts recognized in profit or loss

TCHF	December 31, 2023	December 31, 2022
Lease expense for short-term and low value leases	54	182
Depreciation expense on right-of-use assets (note 28)	537	392
Interest expense on lease liabilities (note 29)	27	33

8.4 Further information on leases

The Group has no material, non-cancellable commitment for short-term leases. In 2023, the cash outflow for leases amounted to TCHF 530 (2022: TCHF 390).

9. Property and equipment

The net carrying amount of property and equipment increased to TCHF 397 as of December 31, 2023, from TCHF 49 as of December 31, 2022, primarily in relation to the acquisition of laboratory and office equipment.

10. Inventories

TCHF	December 31, 2023	December 31, 2022
Raw material	2'728	2'758
Finished goods	656	139
Gross inventories	3'384	2'897
Valuation allowance	(2'827)	(2'670)
Total	**557**	**227**

As of the reporting date, the Company's inventory is mainly constituted by the Aviptadil active ingredient valued at its acquisition cost of TCHF 2'659. As the Aviptadil was manufactured prior to obtaining regulatory approval, the inventory was fully impaired in prior reporting periods. The remaining inventory consists mainly of active pharmaceutical ingredients and finished products for market supply.

11. Trade receivables

TCHF	December 31, 2023	December 31, 2022
Current receivables	1'419	1'548
Expected credit loss allowance	(248)	(227)
Total	**1'171**	**1'321**

Trade receivables do not bear interest and generally have maturities ranging from 30 and 90 days.

Expected credit loss allowance

The Group uses a provision matrix to estimate the expected credit losses from trade receivables outstanding at the end of the reporting period. 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.

TCHF	2023	2022
Balance at beginning of year	(227)	(204)
Impairment losses recognized	(36)	(23)
Reversal of impairment losses	15	-
Balance at end of year	**(248)**	**(227)**

12. Other current assets

TCHF	December 31, 2023	December 31, 2022
Other receivable (note 7.2)	972	-
Accrued revenue	501	723
Prepaid expenses	345	836
VAT receivable	168	147
Deposits	9	28
Other current receivables	25	64
Total	**2'020**	**1'798**

13. Cash and cash equivalents

As of December 31, 2023, and December 31, 2022, cash and cash equivalents consisted of cash in bank and short-term deposits.

14. Share capital

	Number of shares		
	Common shares	Treasury shares	Total
Balance at January 1, 2022	**11'033'337**	**(749'669)**	**10'283'668**
Issuance of treasury shares	3'000'000	(3'000'000)	-
Direct Share Placement program	-	347'145	347'145
Milestone payments	-	375'500	375'500
Exercises of options	7'500	-	7'500
Balance at December 31, 2022	**14'040'837**	**(3'027'024)**	**11'013'813**
Balance at January 1, 2023	**14'040'837**	**(3'027'024)**	**11'013'813**
Direct Share Placement program	-	24'947	24'947
Private placements	-	1'200'000	1'200'000
Exercise of pre-funded warrants	-	300'000	300'000
Withdrawal of fractional shares	-	(3'009)	(3'009)
Exercises of options	-	4'688	4'688
Balance at December 31, 2023	**14'040'837**	**(1'500'398)**	**12'540'439**

14.1 Issued share capital

As of December 31, 2023, the share capital consisted of 14'040'837 issued, fully paid shares with a par value of CHF 4.00 each. The Company held 1'500'398 shares in treasury as of December 31, 2023.

Reverse stock split

On May 5, 2023, RELIEF THERAPEUTICS Holding SA effected a 1-for-400 reverse stock split, whereby every 400 shares of the pre-reverse split share capital were combined and reclassified into one share. A total of 5'616'334'800 pre-reverse split ordinary shares were combined and reclassified into 14'040'837 ordinary shares post-reverse stock split. The par value of each share was multiplied by 400 from CHF 0.01 to CHF 4.00. The Company paid in cash fractional shares, and accordingly, no fractional shares were issued in connection with the reverse stock split.

As a result of the reverse stock split, all references in these financial statements to units of shares or per share amounts are reflective of the reverse split for all periods presented. In addition, the exercise prices and the numbers of shares issuable upon the exercise of any outstanding options, warrants, and other securities entitling their holders to purchase or receive Relief shares were proportionally adjusted.

Equity transactions in 2023

In 2023, the following transactions resulted in cash gross proceeds of TCHF 5'116 before deducting transaction costs of TCHF 494.

- June 2023 private placement:

  On June 15, 2023, the Company entered into a securities purchase agreement pursuant to which the Company agreed to sell in a private placement 1'200'000 ordinary shares, pre-funded warrants to purchase up to 300'000 ordinary shares, and warrants to purchase up to 1'500'000 ordinary shares. The Company received total gross proceeds of TCHF 4'995 before deducting placement agent fees and related expenses.

  Each of the warrants represents the right to purchase one ordinary share of the Company. The pre-funded warrants were prefunded at CHF 3.329 per share and were exercised during the current reporting period for additional proceeds of CHF 300. The remaining warrants are exercisable until June 21, 2028, at an exercise price of CHF 3.40 per share.

  Relief committed to reserving from its treasury shares reserve the maximum number of shares to be issued upon exercise of the warrants.

- Direct Share Placement program: sale of 24'947 shares at an average price per share of CHF 4.07 for total gross proceeds of TCHF 102.

- Exercises of options: issuance upon exercise of 4'688 shares at CHF 4.00 per share for gross proceeds of TCHF 19.

The Company retired fractional shares upon completion of the reverse stock split. Fractional shares representing 3'009 shares post-reverse stock split were acquired in May 2023 for a total cost of TCHF 22.

Equity transactions in 2022

In 2022, the following capital increase transactions resulted in cash gross proceeds of TCHF 7'111 before deducting transaction costs of TCHF 223.

- Direct Share Placement program: sale of 347'145 shares at an average price per share of CHF 20.32 for total gross proceeds of TCHF 7'051.

- Exercises of options: issuance upon exercise of 7'500 shares at CHF 8.00 per share for gross proceeds of TCHF 60.

In addition, the Company made a payment in shares of TCHF 4'200, corresponding to 375'500 shares at CHF 11.20 per share, as settlement of a milestone payment obligation under the APR acquisition agreement.

The Company issued a total of 3'000'000 treasury shares from its authorized capital during the year 2022. The shares were entirely subscribed to at par value by a wholly owned subsidiary for subsequent placements.

14.2 Capital band

Pursuant to changes in the Swiss Code of Obligations effective January 1, 2023, and the decision of the extraordinary general meeting held on April 28, 2023, the Company's authorized capital was replaced by a capital band. The capital range can be used for the issuance of shares for strategic acquisitions and financing transactions.

As of December 31, 2023, the Board of Directors was authorized, at any time until 30 May 2024, to increase the share capital by the issuance of up to 2'500'000 ordinary shares with a nominal value of CHF 4.00, under the terms and conditions set forth in article 3a^{ter} of Relief's Articles of Association.

14.3 Conditional share capital

The conditional share capital of the Company as of December 31, 2023, was TCHF 16'688, consisting of 4'171'924 shares with a par value of CHF 4.00 each, of which 264'424 shares to be used for stock options and 3'907'500 shares for grant of option rights in connection with bonds, notes or similar financial instruments issued by the Company.

14.4 Outstanding options and warrants

As of December 31, 2023, there were 126'032 outstanding stock options under the Company's stock option plans and 1'500'000 outstanding warrants as issued in the June 2023 private placement. In addition, the Company was committed to issuing 320'000 stock options. Each stock option allows its holder to acquire one share at a predetermined price, subject to certain vesting conditions. Further information about outstanding options is provided in note 31.

15. Reserves

TCHF	December 31, 2023	December 31, 2022
Share premium (note 15.1)	214'180	215'688
Share-based payment reserve (note 15.2)	5'371	4'557
Foreign currency translation reserve (note 15.3)	779	716
Total	**220'330**	**220'961**

15.1 Share premium

TCHF	2023	2022
Balance at beginning of year	215'688	207'521
Net paid-in capital from capital increases	(1'014)	8'390
Transaction cost in relation to capital increases	(494)	(223)
Balance at end of year	**214'180**	**215'688**

15.2 Share-based payment reserve

TCHF	2023	2022
Balance at beginning of year	4'557	2'371
Share-based payments (note 31)	814	2'186
Balance at end of year	**5'371**	**4'557**

15.3 Foreign currency translation reserve

TCHF	2023	2022
Balance at beginning of year	716	255
Exchange differences arising on translating foreign operations	63	461
Balance at end of year	**779**	**716**

16. Borrowings

As of December 31, 2023 and 2022, the company had two outstanding bank loans: a TCHF 331 loan from a German bank carrying interest at 2.7% per year and repaid in January 2024, and an interest-free TCHF 15 loan repayable in monthly installments until 2026.

17. Defined benefit obligations

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

TCHF	December 31, 2023	December 31, 2022
Present value of pension benefit obligation	4'517	4'044
Fair value of pension plan assets	(3'532)	(3'494)
Net pension defined benefit obligation	985	550
Present value of other benefit obligations	604	1'222
Total defined benefit obligations	**1'589**	**1'772**

17.1 Defined benefit plan

Swiss pension plans shall be administered by a separate pension fund legally distinct from the Company. 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 Professionnelle. Under these pension plans, the employees are entitled to retirement benefits and insurance for death and disability risks.

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 statutes 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 a fixed conversion rate. Beneficiaries may also withdraw their capital at once. The death and disability pensions are defined as percentage of the insured salary. The pension assets are managed by the pension funds.

The pension funds can change their financing system (contributions and future payments) at any time. Also, when there is a deficit that cannot be eliminated through other measures, the pension funds can oblige the Company to pay a restructuring contribution. As of December 31, 2023, such a deficit currently could not occur as the plans were 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 material plan amendments, curtailments or settlements occurred.

The fully reinsured pension funds have concluded insurance contracts to cover biometric and investment risks. The board of each pension fund is responsible for the investment of assets and the investment strategies are defined for the benefits to be paid out when due.

The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2023. The present value of the defined benefit obligation, the related current service cost, and the past service cost were measured with the projected unit credit method.

The amounts recognized in profit or loss for these defined benefit plans were as follows:

TCHF	2023	2022
Net service cost	212	207
Net interest expense	7	4
Administration cost excl. cost for managing plan assets	31	23
Expense recognized in profit or loss	**250**	**234**

The amounts recognized in other comprehensive income for these defined benefit plans were as follows:

TCHF	2023	2022
Remeasurement (gain)/loss on defined benefit obligation		
due to changes in demographic assumptions	(11)	-
due to changes in financial assumptions	426	(1'150)
due to changes in experience adjustments	(31)	156
Return on plan assets excl. interest income	100	52
Expense/(Income) recognized in other comprehensive income	**484**	**(942)**

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

TCHF	2023	2022
Opening defined benefit obligation	**4'044**	**4'496**
Net service cost	212	207
Interest expense on defined benefit obligation	85	13
Contributions from plan participants	129	129
Benefits (paid)/deposited	(337)	193
Remeasurement (gain)/loss due to changes in demographic assumptions	(11)	-
Remeasurement (gain)/loss due to changes in financial assumptions	426	(1'150)
Remeasurement (gain)/loss due to changes in experience adjustments	(31)	156
Closing defined benefit obligation	**4'517**	**4'044**

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

TCHF	2023	2022
Opening fair value of plan assets	**3'494**	**2'946**
Interest income on plan assets	78	9
Return on plan assets excluding interest income	(100)	(52)
Contributions from the employer	299	292
Contributions from plan participants	129	129
Benefits (paid)/deposited	(337)	193
Administration cost	(31)	(23)
Closing fair value of plan assets	**3'532**	**3'494**

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

The actual return on plan assets was TCHF (22) (2022: TCHF (43)).

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

TCHF	2023	2022
Discount rate	1.40%	2.15%
Expected rate of salary increase	1.90%	1.50%

Sensitivity analyses based on reasonably possible changes in key assumptions indicated that:

- a 25 basis points increase (decrease) in the discount rate, holding all other assumptions constant, would result in a 3.7% decrease (3.9% increase) in the defined benefit obligation; and
- if the expected salary growth rate increases (decreases) by 0.25%, with other assumptions remaining constant, the defined benefit obligation would increase by 0.6% (decrease by 0.6%).

The average duration of the defined benefit obligation at the end of the reporting period was 15.2 years (2022: 14.4 years).

Total pension contributions by the Group to its pension plans for the 2024 financial year are expected to amount to TCHF 289.

17.2 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.

18. Provisions

TCHF	Contingent consideration (i)	Legal and regulatory (ii)	Other (iii)	Total
Balance at December 31, 2022	**10'867**	**136**	**-**	**11'003**
Addition	-	-	235	235
Unwinding of discount on provisions	303	-	-	303
Variation due to assumption adjustment	(4'782)	-	-	(4'782)
Foreign exchange difference	(185)	-	-	(185)
Utilization	-	(136)	-	(136)
Balance at December 31, 2023	**6'203**	**-**	**235**	**6'438**
thereof current	-	-	235	235
thereof non-current	6'203	-	-	6'203

(i) Contingent consideration for business acquisitions

As of December 31, 2023, the Group recognized provisions of TCHF 6'203 for contingent payments that may become due to the former shareholders of APR and AdVita upon completion of pre-agreed milestones. As a result of changes in its development strategy (note 7), the Group reevaluated its assessment of contingent payments related to the affected programs. Consistent with assumptions underlying the impairment of the carrying value of the associated intangible assets, the expected settlement dates of the contingent payments were postponed. The resulting gain of TCHF 4'782 from fair value remeasurement was recorded in the income statement for the year ended December 31, 2023, to a distinct line 'Change in fair value of contingent consideration'.

Contingent consideration for the acquisition of APR

As of December 31, 2023, the remaining milestone payments under the acquisition agreement were (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, and (iii) the launch of RLF-TD011 in the first of France, Germany, Spain, Italy and the United Kingdom. Contingent payments aggregate to a maximum amount of CHF 28 million, in a combination of cash and Relief shares.

Contingent consideration for the acquisition of AdVita

As of December 31, 2023, the remaining milestone payments under the acquisition agreement were (i) the approval in the U.S. or Europe of the inhaled form of Aviptadil for the treatment of sarcoidosis or berylliosis, and (ii) the conduct of a phase II clinical study for the inhaled form of Aviptadil in the treatment of checkpoint inhibitor-induced pneumonitis. Contingent payments aggregate to a maximum amount of EUR 10 million (CHF 9.3 million), in cash.

Provisioned amounts are calculated at the end of each reporting period by determining the probability-weighted present value of potential payments. As of December 31, 2023, probabilities ranged from 12% to 75% based on the estimated likelihood of completion for each underlying milestone. These probabilities are consistent with those estimated for the impairment test conducted for intangible assets and goodwill (note 7). Time to completion of each milestone ranged from approximately four years to nine years. A discount rate of 5% was determined based on the estimated time value of comparable liabilities, excluding risks factored into the probabilities of success.

(ii) Legal and regulatory proceedings

SIX Exchange Regulation

A provision of TCHF 136 was released upon the conclusion in 2023 of an investigation initiated in 2021 by SIX Exchange Regulation AG. The actual cost amounted to TCHF 142.

Other legal and regulatory proceedings

In the ordinary course of business, the Group is subject to potential liabilities arising from litigations and other disputes. As of December 31, 2023, there was no litigation considered to have a reasonably possible or probable impact that could result in a material loss to the Group.

(iii) Other

As of December 31, 2023, the Group constituted provisions totaling TCHF 235 for remaining termination costs anticipated in connection with the transition from a direct marketing and sales infrastructure to a partnership-based model initiated in 2023.

19. Financial liabilities due to related parties

In January 2021, the Company signed a financing agreement with its largest shareholder, GEM Global Yield LLC SCS and GEM Yield Bahamas Limited ("GEM"), for the implementation of a share subscription facility (the "SSF") in the amount of up to CHF 50 million until January 20, 2024. As of December 31, 2023, the Company had not drawn on the SSF.

The Company agreed to pay GEM a commitment fee (the "Fee") of TCHF 1'250 plus accrued interest. As of December 31, 2023, the Fee was payable on demand and bore interest at 1% above the base rate of Barclays Bank plc. As the obligation to pay the Fee arose with the execution of the agreement, the Company recorded it in full as a liability on the signature date. The corresponding expense is recognized as financial expense (note 29) over the SSF commitment period of three years ending January 20, 2024.

20. Other current payables and liabilities

TCHF	December 31, 2023	December 31, 2022
Accrued expenses	1'736	2'138
Personnel-related accruals and payables	1'049	497
Stamp duty and capital tax liabilities	51	347
Deferred revenue	114	776
Other current liabilities	483	143
Total	**3'433**	**3'901**

21. Other gains

TCHF	2023	2022
Divestment gain (note 7.2)	125	-
Income from sublease agreements	99	94
Reversal of impairment on financial assets	-	453
Reversal of impairment on other receivables	58	235
Various others	13	247
Total other gains	**295**	**1'029**

22. Cost of sales

Expenses incurred with third parties in relation to the purchase and manufacturing of drug products for sale, as well as laboratory supplies in connection with research and development services provided to customers, are classified in 'raw materials and consumables expenses'. Expenses incurred with third parties in relation to advertising, marketing, sales promotion, shipping, distribution and commission on sales, are classified as 'external selling and distribution expenses'.

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

The increase in 'raw materials and consumables expenses' correlates with the increase in revenue from product sales. A change in the product mix, with a higher proportion of sales stemming from higher-margin products, reduced the ratio of raw materials and consumables expenses over product sales.

External selling and distribution expenses decreased mainly due to scaled-back marketing activities in 2023, following the preparation and launch of PKU GOLIKE® in the U.S. in 2022.

23. External research and development expenses

External research and development expenses include costs associated with outsourced clinical research organization activities, sponsored research studies, clinical trial costs, process development, and product manufacturing expenses in relation to research and development programs.

In 2023, external research and development expenses mainly comprised the external development costs associated with RLF-OD032, RLF-100 and RLF-TD011, complemented by the continued development of the PKU GOLIKE products franchise. In the comparative period, these expenses mainly related to costs incurred by Acer under the license and collaboration agreement for development and premarketing activities for OLPRUVA.

24. Personnel expenses

TCHF	2023	2022
Salaries and social security expense	11'088	10'513
Independent contractors fees	-	320
Share-based payment expense (note 31)	814	2'186
Service cost for other benefit obligations	(64)	(21)
Total personnel expenses	**11'838**	**12'998**

25. Other administrative expenses

TCHF	2023	2022
Professional services	2'918	6'053
Other administrative expenses	2'473	1'694
Total other administrative expenses	**5'391**	**7'747**

Professional services primarily include expenses incurred in relation to legal, communication, listing, accounting and audit services, as well as other consulting activities not related to research and development. Other administrative expenses comprise IT, travel, insurances, IP maintenance and prosecution, and various other expenses.

The decrease in professional services expenses is mainly attributable to a reduction in legal and regulatory affairs expenses, driven by non-recurring events in 2022. The increase in other administrative expenses is mainly attributable to the conclusion of a directors and officers' insurance coverage in early 2023.

26. Other losses

Other losses in 2023 and 2022 related to impairment losses on financial assets.

27. Impairment expense

TCHF	2023	2022
Impairment losses on intangible assets (note 7)	95'895	26'424
Impairment losses on inventories (note 10)	184	-
Total impairment expense	**96'079**	**26'424**

28. Amortization and depreciation expense

TCHF	2023	2022
Amortization of intangible assets (note 7)	2'682	3'448
Depreciation of rights-of-use assets (note 8)	537	392
Depreciation of property and equipment (note 9)	99	20
Total amortization and depreciation expense	**3'318**	**3'860**

29. Financial income and expense

TCHF	2023	2022
Interest income on cash deposits	64	-
Interest income on deferred payment (note 7.2)	29	-
Interest income on loans	-	18
Total financial income	**93**	**18**
Unwinding of discount on provisions (note 18)	(303)	(1'308)
SSF commitment fee (note 19)	(417)	(416)
Negative interest on cash deposits	-	(93)
Interest expense related to leases (note 8)	(27)	(33)
Bank charges	(20)	(40)
Foreign exchange loss, net	(65)	(374)
Other financial expenses	(117)	(30)
Total financial expense	**(949)**	**(2'294)**

30. Income taxes

30.1 Income tax recognized in profit or loss

TCHF	2023	2022
Current tax		
Current tax expense for the year	-	-
Adjustments in current tax of prior years	-	-
	-	**-**
Deferred tax		
Deferred tax income for the year	(13'503)	(4'977)
Write-down of deferred tax assets	-	1'451
	(13'503)	**(3'526)**
Net income tax gain	**(13'503)**	**(3'526)**

The income tax gain of TCHF 13'503 is primarily related to a reduction in deferred tax liabilities resulting from the impairment and amortization expenses recognized against intangible assets (note 7).

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

TCHF	2023	2022
Loss before tax	**(111'684)**	**(54'316)**
Income tax expense calculated at 13.99% (2022: 13.99%)	(15'625)	(7'599)
Unrecognized deferred tax assets during the year	2'138	4'235
Write-down of deferred tax assets	-	1'451
Effect of deferred tax balances due to difference in applicable tax rates	24	(802)
Effect of net (income)/expense that is not added/(deductible)	(40)	(811)
Income tax recognized in the current year	**(13'503)**	**(3'526)**

As of December 31, 2023, the applicable tax rate of the Group was 13.99% (2022: 13.99%), which was equal to the statutory tax rate of the holding company.

30.2 Income tax recognized in other comprehensive income

In 2023 and 2022, no income tax was recognized in the statement of other comprehensive income.

30.3 Deferred tax balance

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

2023 TCHF	Opening balance	Recognized in OCI	Recognized in profit or loss	Closing balance
Tax losses	495	-	94	589
Total deferred tax assets	**495**	**-**	**94**	**589**
Intangible assets	20'736	-	(13'370)	7'366
Total deferred tax liabilities	**20'736**	**-**	**(13'370)**	**7'366**

2022 TCHF	Opening balance	Recognized in OCI	Recognized in profit or loss	Closing balance
Tax losses	1'206	-	(711)	495
Defined benefit obligation	247	-	(247)	-
Intangible assets	280	-	(280)	-
Leases	4	-	(4)	-
Total deferred tax assets	**1'737**	**-**	**(1'242)**	**495**
Intangible assets	25'504	-	(4'768)	20'736
Total deferred tax liabilities	**25'504**	**-**	**(4'768)**	**20'736**

30.4 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	2023	2022
Within one year	2'951	7'833
Later than one year and not later than five years	102'014	70'009
More than five years	50'823	67'016
Total tax losses carry forward	**155'788**	**144'858**

The deferred tax assets not recognized as of December 31, 2023, amounted to CHF 24 million (2022: CHF 22 million).

31. 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 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. Stock options granted are subject to certain vesting conditions based on a service period defined on an individual basis at the grant date.

As of December 31, 2023, the Company had 126'032 stock options outstanding. In addition, the Company committed to granting 320'000 options (exercise price: CHF 2.00) contingent upon the Company meeting certain technical requirements, including the availability of conditional capital and a reduction in the nominal value of the Company's share capital. For expense recognition purposes, this contingent issuance was recognized as though it had been executed.

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

	2023	2022
At beginning of the year	**185'908**	**171'627**
Granted	20'184	30'250
Exercised	(4'871)	(7'500)
Forfeited	(75'189)	(8'469)
At end of the year	**126'032**	**185'908**
Weighted average exercise price of granted options, in CHF	8.21	16.04
Weighted average exercise price of exercised options, in CHF	4.00	8.00
Weighted average exercise price of outstanding options, in CHF	22.43	22.98

In 2023, 75'189 options were forfeited, primarily due to the termination of certain employment contracts.

Stock options outstanding at the end of the reporting period had the following expiry dates:

Expiration year	December 31, 2023	December 31, 2022
2023	-	250
2024	26'374	250
2025	250	250
2026	18'491	18'491
2027	24'084	53'917
2028	28'333	55'667
2029	24'250	47'833
2030	4'250	9'250
	126'032	**185'908**
Exercisable	92'866	69'541
Weighted average remaining contractual life, in months	43	69

Stock options outstanding at the end of the reporting period had the following exercise prices:

Exercise price	December 31, 2023	December 31, 2022
From CHF 4.00 to CHF 5.00	56'158	63'658
From CHF 5.01 to CHF 10.00	7'500	37'500
From CHF 10.01 to CHF 20.00	16'292	35'250
Above CHF 20.00	46'082	49'500
	126'032	**185'908**

The fair values of issued options and committed options were assessed using the Black-Scholes valuation model at the grant date and recognized over their vesting period. The weighted average fair value of options granted in 2023 was CHF 1.04. Significant inputs factored in valuation models for the options granted in 2023 were the share price at grant date (ranging from CHF 1.87 to CHF 9.20), the exercise price (ranging from CHF 2.00 to CHF 9.20), the volatility of returns (ranging from 66% to 69%), and the risk-free interest rate (ranging from 1.06% to 1.23%). The expected volatility assumes that 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. The expected life of the options was estimated based on historical data by the Group, or when insufficient data was available, based on management's estimates.

In 2022, the weighted average fair value of options granted was CHF 8.00. Significant inputs were the share price at grant date (ranging from CHF 10.80 to CHF 24.00), the exercise price (ranging from CHF 10.80 to CHF 24.00), the volatility of returns (ranging from 71% to 80%), and the risk-free interest rate (ranging from 0% to 1%).

In 2023, share-based payments of TCHF 814 (2022: TCHF 2'186) were recorded in personnel expenses with a corresponding credit to the share-based payment equity reserve (note 15).

32. Earnings per share

	2023	2022
Loss attributable to shareholders (in TCHF)	(98'181)	(50'790)
Weighted average number of shares	11'752'466	10'570'281
Total basic and diluted loss per share (in CHF)	**(8.354)**	**(4.805)**

Basic and diluted result per share is calculated by dividing the net result attributable to the shareholders of the Group's parent company by the weighted average of shares outstanding during the year. In 2023 and 2022, the number of shares outstanding varied as a result of different transactions on the share capital structure of the Company. References to shares and per share amounts for the comparative period have been restated to reflect the reverse stock split (note 14).

Neither outstanding options and warrants nor effects from the contingent liabilities payable in shares have been considered in the diluted loss calculation as their effect is anti-dilutive.

33. Financial instruments

33.1. Categories of financial instruments

December 31, 2023 TCHF	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial liabilities at FVTPL	Total
Other non-current assets	116	-	-	**116**
Trade receivables	1'171	-	-	**1'171**
Other current assets and receivables	1'740	-	-	**1'740**
Cash and cash equivalents	14'556	-	-	**14'556**
Total financial assets	**17'583**	**-**	**-**	**17'583**
Non-current lease liabilities	-	2'086	-	**2'086**
Non-current borrowings	-	9	-	**9**
Current lease liabilities	-	524	-	**524**
Current borrowings	-	337	-	**337**
Provisions for milestone payments	-	-	6'203	**6'203**
Trade payables	-	1'025	-	**1'025**
Financial liabilities due to related parties	-	1'355	-	**1'355**
Other current payables and liabilities	-	2'220	-	**2'220**
Total financial liabilities	**-**	**7'556**	**6'203**	**13'759**

December 31, 2022 TCHF	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial liabilities at FVTPL	Total
Other non-current assets	114	-	-	**114**
Trade receivables	1'321	-	-	**1'321**
Other current assets and receivables	956	-	-	**956**
Cash and cash equivalents	19'237	-	-	**19'237**
Total financial assets	**21'628**	**-**	**-**	**21'628**
Non-current lease liabilities	-	2'232	-	**2'232**
Non-current borrowings	-	16	-	**16**
Current lease liabilities	-	444	-	**444**
Current borrowings	-	372	-	**372**
Provisions for milestone payments	-	-	10'867	**10'867**
Trade payables	-	1'625	-	**1'625**
Financial liabilities due to related parties	-	1'280	-	**1'280**
Other current payables and liabilities	-	2'214	-	**2'214**
Total financial liabilities	**-**	**8'183**	**10'867**	**19'050**

33.2 Reconciliation of liabilities arising from financing activities

			Non cash-changes			
2023 TCHF	**Opening balance**	**Financing cash flows**	**Additional leases**	**Accrued interest**	**Foreign exchange**	**Closing balance**
Lease liabilities (note 8.2)	2'676	(530)	420	-	44	**2'610**
Borrowings (note 16)	388	(20)	-	-	(22)	**346**
Due to related parties (note 19)	1'280	-	-	75	-	**1'355**
Total	**4'344**	**(550)**	**420**	**75**	**22**	**4'311**

			Non cash-changes			
2022 TCHF	**Opening balance**	**Financing cash flows**	**Additional leases**	**Accrued interest**	**Foreign exchange**	**Closing balance**
Lease liabilities (note 8.2)	2'523	(390)	551	-	(8)	**2'676**
Borrowings (note 16)	491	(81)	-	1	(23)	**388**
Due to related parties (note 19)	1'250	-	-	30	-	**1'280**
Total	**4'264**	**(471)**	**551**	**31**	**(31)**	**4'344**

33.3 Fair value measurement

Financial liabilities at fair value through profit and loss (FVTPL) consist of contingent considerations resulting from business combinations. Further details on the fair value measurement of these liabilities are provided in note 18.

33.4 Amortized cost measurement

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

34. Financial risk management

The Group is exposed to various financial risks, including credit risk, capital and liquidity risk, interest rate risk and currency risk. The following sections provide an overview of each of these risks, as well as the objectives, principles, and processes that the Group employs to mitigate them.

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 analyses 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. In addition, the Group diversifies its exposure to banking risk by maintaining banking relationships with several institutions.

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 other share placements executed since the listing of the Company have been the principal source of liquidity, to date.

Liquidity risk management implies maintaining sufficient cash and cash equivalents to meet the financial obligations of the Group. The management monitors the Group's net liquidity position through rolling forecasts of cash flows.

Maintaining adequate capital and cash reserves is dependent on the Group's ability to raise funds or generate profits; therefore, capital and liquidity risks are significant (see note 4.1 'going concern').

Interest rate risk

The Group is exposed to interest risk with respect to its cash deposits, bank loans and other interest-bearing liabilities. The Group deems the interest rate risk as low on its performance and its equity.

Currency risk

The Group operates internationally and is exposed to currency risk arising from various exposures, primarily with respect to the Swiss franc, Euro and US dollar. Currency risk arises from future transactions, recognized assets and liabilities and net investments in foreign operations. To manage such risk, the Group monitors its exposure by periodically assessing future spending needs in foreign currencies and maintains foreign currency cash balances to cover anticipated requirements in the next six to twelve months. The Group did not enter into any forward currency transactions and did not hold any derivative currency contracts at the end of the reporting period.

While the Group considers its current exposure to foreign currency risk to be low, adverse changes in the value of the Swiss franc could still have a significant negative impact on the Group's financial condition, results of operations, and future prospects.

Based on the 2023 Group's operational transactions denominated in foreign currencies, and with all other variables held constant, a 5% variation in USD and EUR exchange rates against the Swiss franc would have resulted in a TCHF 384 impact on the Group's 2023 result (2022: TCHF 251).

35. Related party transactions

35.1 Related party transactions

With members of the Board of Directors and of the Executive Committee:

TCHF	2023	2022
Short-term employee benefits	2'267	2'873
Post-employment benefits	90	89
Other benefits	452	-
Share-based compensation	246	-
Total compensation	**3'055**	**2'962**

Further details on management's compensation are provided in the compensation report.

35.2 Related party balances

As of December 31, 2023, the liability of TCHF 1'355 due to GEM (December 31, 2022: TCHF 1'280) was the only material related party balance.

36. Non-cash transactions

In 2023, the Group engaged in non-cash investing or financing activities that are not reflected in the consolidated statement of cash flow. These activities mainly included the execution of new leasing contracts for office material and laboratory equipment (note 8).

In 2022, these transactions included the execution of new leasing contracts for equipment (note 8), as well as the issuance of a TCHF 4'200 share payment in October 2022 following the completion of a milestone related to the APR acquisition.

37. Contingent liabilities

37.1 Business combinations with APR and AdVita

The acquisition agreements for APR and AdVita provide for remaining contingent payment obligations in the aggregate maximum amounts of CHF 28 million and EUR 10 million (CHF 9.3 million), respectively, payable upon achievement of pre-agreed objectives. As of December 31, 2023, a provision totaling CHF 6.2 million (2022: CHF 10.9 million) was recognized to account for the probability-weighted present value at the balance sheet date of these possible future payments. Refer to note 18 for further details.

37.2 Acquisition of RLF-OD32

Pursuant to the agreement concluded with Meta Healthcare Ltd. for the acquisition of RLF-OD32 in July 2022, Relief may issue additional payments of approximately TCHF 250 contingent on pre-specified development milestones. Relief committed to pay Meta Healthcare Ltd. royalties on possible future net commercialization profit from RLF-OD32 of a low double-digit percentage.

37.3 License agreement with Acer (note 7.2)

Pursuant to the license agreement concluded with Acer in August 2023, Relief shall pay Acer a variable, continuing royalty up to a maximum of 10% of potential future net sales of OLPRUVA® in Europe and 20% of any value received by Relief from sublicensing transactions relating to OLPRUVA®.

37.4 Settlement agreement with NRx Pharmaceuticals

Pursuant to the settlement and asset purchase agreements concluded with NRx Pharmaceuticals, Inc. ("NRx") in November 2022, Relief committed to pay NRx up to USD 13 million (CHF 10.9 million) in aggregate as milestone payments upon marketing approval of an Aviptadil product. Additionally, Relief has agreed to pay single-digit percentage royalties on possible future sales of an Aviptadil product, up to a maximum of USD 30 million (CHF 25.2 million) in aggregate.

38. Events after the reporting period

38.1 Renewal of the Share Subscription Facility with GEM, debt waiver, and issuance of warrants

In February 2024, the Company renewed the SSF agreement with GEM for an additional three-year period ending January 20, 2027. GEM also agreed to forgive an outstanding liability of TCHF 1'368. In consideration of GEM's capital commitment and this debt waiver, Relief committed to issuing GEM warrants to purchase up to 3.35 million ordinary shares at a purchase price of CHF 1.70 per share, exercisable from the issuance date, and expiring on January 20, 2027. The issuance of these warrants was contingent upon shareholder approval for a reduction in the nominal value of the Company's ordinary shares, which materialized in April 2024. Further information about the SSF agreement and GEM's outstanding liability is in note 19.

38.2 License and Supply Agreement with Eton Pharmaceuticals, Inc.

On March 21, 2024, the Company entered into a license and supply agreement granting the exclusive right to Eton Pharmaceuticals, Inc. (Nasdaq: ETON) for the commercialization of the GOLIKE® family of products in the United States. Under the terms of the agreement, Relief received an upfront payment of USD 2.2 million (CHF 2.0 million) and is eligible to receive up to USD 2.0 million (CHF 1.8 million) in additional sales milestones, in addition to mid-teens royalties on U.S. net sales.

38.3 Subsequent changes to the capital structure

On April 26, 2024, the extraordinary general meeting of the Company's shareholders approved a reduction of the nominal value of each ordinary share from CHF 4.00 to CHF 0.10, an increase of the capital band to 7'000'000 shares, and an increase of the conditional capital to 7'000'000 shares.

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

mazars

RELIEF THERAPEUTICS Holding SA
Geneva

Statutory auditor's report
Consolidated financial statements as of
December 31, 2023

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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

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, 2023 and the consolidated statement of comprehensive loss, 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, 2023 (pages 61 to 96), 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 Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern. We draw your attention to note 4.1 of the consolidated financial statements, paragraph “Going Concern”, which states that the Group’s long-term viability is dependent on its ability to raise additional capital or to generate positive cash flows to support its operations. This, along with other matters as described in note 4.1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, 2023, the group owns three categories of intangible assets:

- Technologies, patents and trademarks, whose carrying value is TCHF 8'058 (TCHF 9'988 at December 31, 2022). The variance during the fiscal year 2023 is mainly related to an amortization of TCHF 1'930,

- Licence related to ACER-001, whose carrying value is TCHF 3'696 (TCHF 13'729 at December 31, 2022). The variance during the fiscal year 2023 is mainly related to a partial sale of the licence,

- In-process research and development products portfolio, whose carrying value is TCHF 42'114 (TCHF 132'180 at December 31, 2022). The variance during the fiscal year 2023 is mainly related to impairments for a total amount of TCHF 89'878,

An additional goodwill related to these intangible assets was recognized in 2021 during the business combination of APR, whose carrying value is TCH 546 (TCHF 7'018 at December 31, 2022).

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Due to the significance of the carrying amount of these intangible assets on the balance sheet and the level of judgement involved in performing an impairment test, this matter is considered significant to our audit.

Management calculated the recoverable amount using the value in use method. The assessment requires judgement in the determination of key assumptions in relation to future income, including the addressable market and the future market share, the probability of success of the development, the achievement of regulatory approvals, as well as the discount rate.

Our audit response

We obtained the Group's valuation model and in particular performed the following audit procedures with the support of our valuation specialists:

- We discussed with management the process for drawing up the value in use calculation and challenged the key assumptions.

- We verified the mathematical accuracy of the future cash flows derived from management's internally developed model applying the value in use calculation.

- In addition, using sensitivity analyses, we tested whether a significant change in the key assumptions (in particular the discount rate) resulted in an impairment on certain intangible assets.

- We discussed the results of these tests with management in terms of headroom available, impairment calculation and probability of a change in the assumptions occurring.

In performing the audit procedures listed above, we addressed the risk of an incorrect valuation of intangible assets and potential related impairment. The results of our audit procedures support the assessments made by management.

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

- Note 7, « Intangible assets »

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Other information

The Board of Directors is responsible for the other information. 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 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, which 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, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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Report on Other Legal and Regulatory Requirements

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

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

MAZARS SA

/s/ Franck Paucod

Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

/s/ Yoann Bois

Yoann Bois
Licensed Audit Expert

Geneva, April 30, 2024

Enclosures

- Consolidated financial statements (consolidated balance sheet, consolidated statement of comprehensive loss, consolidated cash flow statement, consolidated statement of changes in equity and notes)

STATUTORY FINANCIAL STATEMENTS

Statutory Financial Statements for the year ended December 31, 2023

BALANCE SHEET

AS OF DECEMBER 31,

in CHF	Note	2023	2022
ASSETS			
Cash and cash equivalents		13'001'222	14'899'142
Other current receivables - third parties	3	1'353'510	77'949
Deferred costs and prepaid expenses		181'678	846'450
Current assets		**14'536'410**	**15'823'541**
Investments in subsidiaries	4	38'499'640	65'612'543
Other non-current receivables - subsidiaries	5	840'854	3'695'782
Non-current deferred costs		-	22'831
Property and equipment		6'255	14'042
Intangible assets	6	3'695'759	13'728'198
Non-current assets		**43'042'508**	**83'073'396**
Total assets		**57'578'918**	**98'896'937**
LIABILITIES & SHAREHOLDERS' EQUITY			
Trade accounts payable - third parties		57'820	338'669
Other current liabilities - third parties		36'886	160'148
Other current liabilities - related parties	7	1'566'968	1'808'971
Accrued expenses		1'012'141	922'452
Short-term provisions	8/18	-	3'094'108
Current liabilities		**2'673'815**	**6'324'348**
Long-term provisions	8/18	6'807'551	9'130'919
Non-current liabilities		**6'807'551**	**9'130'919**
Total liabilities		**9'481'366**	**15'455'267**
Share capital		56'163'348	56'163'346
General reserves		311'579'908	313'086'983
thereof capital contribution reserves		*311'563'403*	*313'070'478*
thereof other general reserves		*16'505*	*16'505*
Treasury shares		(6'001'592)	(12'108'094)
Accumulated losses		(313'644'112)	(273'700'565)
loss carried forward		*(273'700'565)*	*(187'488'885)*
loss for the year		*(39'943'547)*	*(86'211'680)*
Total shareholders' equity	9	**48'097'552**	**83'441'670**
Total liabilities and shareholders' equity		**57'578'918**	**98'896'937**

INCOME STATEMENT

FOR THE YEARS ENDED DECEMBER 31,

in CHF	Note	2023	2022
Revenue		37'848	-
Other income	12	644'205	338'456
Personnel expenses		(3'515'829)	(2'797'325)
Professional fees	13	(1'774'621)	(3'200'272)
Other operating expenses	14	(119'380)	(10'264'915)
Other administrative expenses		(1'186'890)	(678'513)
EBITDA		**(5'914'667)**	**(16'602'569)**
Impairment of loans to subsidiaries	5	(10'140'939)	(15'368'915)
Impairment of investments	4	(23'822'635)	(53'771'000)
Reversal of impairment	4	1'373'212	453'104
Amortization and depreciation expenses	6	(755'016)	-
Operating result		**(39'260'045)**	**(85'289'380)**
Financial income		92'738	12'374
Financial expenses	15	(494'471)	(547'441)
Net exchange difference		(281'769)	(387'233)
Net loss before taxes		**(39'943'547)**	**(86'211'680)**
Income tax expense		-	-
Net loss for the period		**(39'943'547)**	**(86'211'680)**

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 OTCQB (tickers: RLFTF, RLFTY).

The Company has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and elected to forgo presenting additional information on interest-bearing financial liabilities and audit fees in the notes as well as a cash flow statement, in accordance with the Swiss Code of Obligations (article 961d para. 1).

These statutory financial statements were approved for issuance by the Board of Directors on April 29, 2024.

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 these financial statements requires to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and related disclosures. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates.

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 incurred 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 product candidates of Relief's subsidiaries.

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 amortized on a straight-line basis over their useful lives. The estimated useful life of the intangible assets is reviewed annually.

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 differences. Net unrealized gains on non-current assets and liabilities are deferred as non-current liabilities.

Provisions

Provisions are recorded for the fair value of contingent considerations in connection with past acquisitions of investments and general business risks. Changes in the fair value of contingent considerations are recorded against the carrying amount of investments.

Going concern

These financial statements have been prepared assuming the Company will continue as a going concern which contemplates the continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business.

As of December 31, 2023, based on liquidity forecasts and development plans, existing cash reserves and projected income are expected to be sufficient to meet the Company's cash needs for at least the next twelve months.

Since its inception, the Company has primarily relied on external financing to fund its cash needs and has experienced recurring losses. The Company may continue to generate operating losses in the foreseeable future. The Company's long-term viability depends on its ability to raise additional capital or to generate positive cash flows to support its operations. The Company may never achieve sustainable profitability and is exposed to all the risks inherent in establishing a business. Management intends to continue to explore options to obtain additional funding. However, there can be no assurance that capital will be available in sufficient amounts or on acceptable terms. If Relief is unable to obtain the required funding, it will be forced to delay, reduce or eliminate some or all of its research and development programs and of its product portfolio expansion or commercialization efforts, which could adversely affect its business prospects or result in the Company's inability to continue operations.

3. Other current receivables - third parties

in CHF	December 31, 2023	December 31, 2022
Other receivable (note 6)	971'875	-
Accrued revenue	305'067	-
VAT receivable	37'697	49'509
Deposits	6'431	20'000
Other current receivables	32'440	8'440
Total	**1'353'510**	**77'949**

4. Investments in subsidiaries

As of December 31, 2023 and 2022, RELIEF THERAPEUTICS Holding SA held the following direct subsidiaries:

			Ownership	
	Domicile	Share capital	2023	2022
APR Applied Pharma Research SA	Balerna (CH)	CHF 640'596	100%	100%
AdVita Lifescience GmbH	Freiburg im Breisgau (DE)	EUR 25'918	100%	100%
Relief Therapeutics International SA	Geneva (CH)	CHF 338'364	100%	100%
Relief Therapeutics US, Inc.	Connecticut (U.S.)	USD 1	100%	100%
Relief Therapeutics, Inc.	Delaware (U.S.)	USD 1	100%	100%

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

in CHF	December 31, 2023	December 31, 2022
APR Applied Pharma Research SA ("APR")	75'422'965	78'713'233
AdVita Lifescience GmbH ("AdVita")	39'297'080	40'670'292
Relief Therapeutics International SA	338'364	338'364
Relief Therapeutics US, Inc.	9	9
Relief Therapeutics, Inc.	9	9
Total Investments	**115'058'427**	**119'721'907**
Allowance for impairment	(76'558'787)	(54'109'364)
Carrying amount	**38'499'640**	**65'612'543**

At the end of each reporting period, the fair value of contingent considerations that may become due upon completion of contractual milestones under the acquisition agreements for APR and AdVita is adjusted and provisioned based on the estimated probability of its occurrence and time factor. Changes in the gross carrying amounts of investments in 2023 are entirely attributable to fair value adjustments of contingent considerations (note 8).

In 2023, the Company recorded an additional impairment charge of CHF 23'822'635 as a result of changes in assumptions regarding the prospects for their recoverability. Future changes to these assumptions may result in additional impairment losses or reversals in subsequent periods.

The reduction in the gross carrying amount of AdVita Lifescience GmbH reflects a decrease in the provision for contingent considerations (note 8) related to the acquisition of the subsidiary. Since the investment was entirely written down in previous periods, this reduction has led to an impairment reversal of CHF 1'373'212.

5. Other non-current receivables - subsidiaries

in CHF	December 31, 2023	December 31, 2022
Loans to subsdiairies	75'438'978	68'916'832
Impairment on loans	(74'598'124)	(65'221'050)
Total	**840'854**	**3'695'782**

As of December 31, 2023, substantially all loans to subsidiaries were subordinated.

6. Intangible assets

The intangible asset is the acquisition cost of licensing and royalty rights for the development and commercialization of ACER-001, a proprietary taste masked formulation of sodium phenylbutyrate for application in the treatment of Urea Cycle Disorders and, potentially, Maple Syrup Urine Disease and other indications. The asset is amortized from January 1, 2023, on a straight-line basis over its estimated useful life of 14 years.

In 2023, Relief and Acer Therapeutics Inc. ("Acer") terminated their 2021 collaboration and license agreement and entered into a new exclusive license agreement. Relief received from Acer a non-refundable USD 10 million (CHF 8.9 million) upfront payment in cash and was due to receive an additional non-contingent cash payment of USD 1.5 million (CHF 1.3 million) in August 2024. The transaction was accounted for as a partial disposal of the asset and resulted in a divestment gain of CHF 579'662 (note 12).

7. Liabilities due to related parties

In January 2021, the Company signed a financing agreement with its largest shareholder, GEM Global Yield LLC ("GEM"), for the implementation of a Share Subscription Facility (the "SSF") in the amount of up to CHF 50 million until January 20, 2024. As of December 31, 2023, the Company had not drawn on the SSF.

The Company agreed to pay GEM a commitment fee (the "Fee") of TCHF 1'250 plus accrued interest. As of December 31, 2023, the Fee was payable on demand and bore interest at 1% above the base rate of Barclays Bank plc. As the obligation to pay the Fee arose with the execution of the agreement, the Company recorded it in full as a liability on the signature date. The corresponding expense is recognized as financial expense over the SSF commitment period of three years ending January 20, 2024.

As of December 31, 2023, the outstanding balance due to GEM was CHF 1'354'971 (December 31, 2022: CHF 1'280'335). Other liabilities due to related parties consisted of payables to the Company's subsidiaries.

8. Provisions

in CHF	December 31, 2023	December 31, 2022
Contingent liabilities from business acquisitions	6'203'454	10'866'933
Personnel's end of service indemnities	604'097	1'222'094
Legal and regulatory proceedings	-	136'000
Total provisions	**6'807'551**	**12'225'027**
Current	-	3'094'108
Non-current	6'807'551	9'130'919

The decrease in the provision for contingent liabilities from business acquisitions primarily relates to changes in assumptions for the remaining possible milestone payments.

9. Shareholders' equity

in CHF	Share capital	General reserves	Accumulated losses	Treasury shares	Total shareholders' equity
Equity at January 1, 2022	**44'133'346**	**304'935'097**	**(187'488'885)**	**(2'998'674)**	**158'580'884**
Issuance of shares	12'000'000	-	-	(12'000'000)	-
Direct Share Placement	-	5'662'147	-	1'388'579	7'050'726
Acquisition milestone payments	-	2'697'999	-	1'502'001	4'200'000
Exercise of stock options	30'000	30'000	-	-	60'000
Capital increase cost	-	(238'260)	-	-	(238'260)
Net result for the period	-	-	(86'211'680)	-	(86'211'680)
Equity at December 31, 2022	**56'163'346**	**313'086'983**	**(273'700'565)**	**(12'108'094)**	**83'441'670**
Direct Share Placement	-	1'626	-	99'788	101'414
Private placement	-	194'700	-	4'800'000	4'994'700
Withdrawal of fractional shares	-	(9'508)	-	(12'036)	(21'544)
Capital increase cost	-	(494'193)	-	-	(494'193)
Exercise of stock options	2	-	-	18'750	18'752
Exercise of pre-funded warrants	-	(1'199'700)	-	1'200'000	300
Net result for the period	-	-	(39'943'547)	-	(39'943'547)
Equity at December 31, 2023	**56'163'348**	**311'579'908**	**(313'644'112)**	**(6'001'592)**	**48'097'552**

Issued share capital

As of December 31, 2023, the total outstanding share capital consisted of 14'040'837 fully paid common shares with a par value of CHF 4.00 each.

On May 5, 2023, the Company effected a 1-for-400 reverse stock split. A total of 5'616'334'800 pre-reverse split ordinary shares were combined and reclassified into 14'040'837 ordinary shares post-reverse stock split. All references in these financial statements to units of shares, units of options, and per share amounts are reflective of the reverse split for all periods presented.

Capital band

As of December 31, 2023, the Company had authorized share capital under a capital band of CHF 10'000'000, consisting of 2'500'000 shares (2022: 2’500’000 shares) with a par value of CHF 4.00 each, which the Board of Directors was authorized to issue at any time until May 30, 2024, in accordance with the Company's Articles of Association.

Conditional share capital

The conditional share capital of the Company as of December 31, 2023, was CHF 16'687'696, consisting of 4'171'924 shares (2022: 4'171'924) with a par value of CHF 4.00 each, of which 264'424 for stock options and 3'907'500 shares for 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.

Information on the Company's treasury shares transactions is provided in the table above. The average transaction price in the placement of treasury shares in 2023 was CHF 3.32 (2022: CHF 16.00). As of December 31, 2023, the Company held 1'500'398 of its shares in treasury (2022: 3'027'024).

Outstanding options

As of December 31, 2023, there were 126'032 outstanding stock options under the Company's stock option plans and 1'500'000 outstanding warrants. Each stock option and warrant allows its holder to acquire one share at a predetermined price. 92'866 options were exercisable, and 33'166 options had a remaining vesting period of up to 2 years. During 2023, 20'184 options were granted, 4'871 options were exercised and 75'189 options were forfeited. The warrants were exercisable until June 21, 2028, at an exercise price of CHF 3.40 per share.

In addition, the Company committed in 2023 to granting 320'000 options contingent upon the Company meeting certain technical requirements, including the availability of conditional capital and a reduction in the nominal value of the Company's share capital.

As of December 31, 2022, there were 185'908 outstanding stock options under the Company's stock option plans and no outstanding warrants. 69'541 options were exercisable, and 116'366 options had a remaining vesting period of up to 8 years. During 2022, 30'250 options were granted, 7'500 options were exercised and 8'469 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, 2023	December 31, 2022
GEM Global Yield LLC SCS	20.58%	20.62%
Armistice Capital Master Fund Ltd	6.84%	n.a.
Relief (treasury shares)	10.69%	21.56%

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, 2023 and 2022.

	December 31, 2023	December 31, 2022
Shares held by the Board of Directors	**Number of shares**	**Number of shares**
Thomas Plitz, Vice-Chairman	1'250	1'250
Patrice Jean, Director	350	350
Shares held by the Executive Committee		
Paolo Galfetti, Chief Operating Officer	78'093	78'093
Jeremy Meinen, Chief Financial Officer	351	351
Jack Weinstein, former Chief Executive Officer	n.a.	462
Options held by the Board of Directors	**Number of options**	**Number of options**
Raghuram Selvaraju, Chairman	22'408	22'408
Thomas Plitz, Vice-Chairman	3'750	3'750
Patrice Jean, Director	500	500
Options held by the Executive Committee		
Michelle Lock, Director and interim Chief Executive Officer	320'000	-
Paolo Galfetti, Chief Operating Officer	31'250	31'250
Jeremy Meinen, Chief Financial Officer	2'750	2'750
Marco Marotta, former Chief Business Officer	n.a.	3'750
Jack Weinstein, former Chief Executive Officer	n.a.	46'500
Nermeen Varawalla, former Chief Medical Officer	n.a.	7'500

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

12. Other income

in CHF	2023	2022
Services rendered by the Company to its subsidiaries	64'543	338'456
Divestment gain (note 6)	579'662	-
Total	**644'205**	**338'456**

13. Professional fees

Professional services primarily include expenses incurred in relation to legal, communication, listing, IP prosecution, accounting and audit services, as well as other consulting activities not related to research and development.

14. Other operating expenses

in CHF	2023	2022
Expense recognition of ACER-001 development prepayments	-	9'900'592
Other development, regulatory and service expenses	119'380	364'323
Total	**119'380**	**10'264'915**

15. Financial expenses

in CHF	2023	2022
SSF commitment fee (note 7)	416'667	416'667
Bank fees	3'168	11'539
Negative interest on cash deposits	-	90'042
Other financial expenses	74'636	29'193
Total	**494'471**	**547'441**

16. Full-time positions

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

17. Amounts due to pension funds

As of December 31, 2023 and 2022, there were no material amounts due to pension funds.

18. Contingent liabilities

APR and AdVita acquisition contingent considerations

The acquisition agreements for APR and AdVita provide for remaining contingent payment obligations in the aggregate maximum amounts of CHF 28 million and EUR 10 million (CHF 9.3 million), respectively, payable upon achievement of pre-agreed objectives. As of December 31, 2023, a provision totaling CHF 6.2 million (2022: CHF 10.9 million) was recognized to account for the probability-weighted present value at the balance sheet date of these possible future payments.

Settlement agreement with NRx Pharmaceuticals

Pursuant to the settlement and asset purchase agreements concluded with NRx Pharmaceuticals, Inc. ("NRx") in November 2022, Relief committed to pay NRx up to USD 13 million (CHF 10.9 million) in aggregate as milestone payments upon marketing approval of an aviptadil product. Additionally, Relief has agreed to pay single-digit percentage royalties on possible future sales of an aviptadil product, up to a maximum of USD 30 million (CHF 25.2 million) in aggregate.

License agreement with Acer

Pursuant to the license agreement concluded with Acer in August 2023, Relief shall pay Acer a variable, continuing royalty up to 10% of potential future net sales of OLPRUVA® in Europe and 20% of any value received by Relief from sublicensing transactions relating to OLPRUVA®.

19. Significant events after the balance sheet date

Renewal of the Share Subscription Facility with GEM, debt waiver, and issuance of warrants

In February 2024, the Company renewed the SSF agreement with GEM for an additional three-year period ending January 20, 2027. GEM also agreed to forgive an outstanding liability of TCHF 1'368. In consideration of GEM's capital commitment and this debt waiver, Relief committed to issuing GEM warrants to purchase up to 3.35 million ordinary shares at a purchase price of CHF 1.70 per share, exercisable from the issuance date, and expiring on January 20, 2027. The issuance of these warrants was contingent upon shareholder approval for a reduction in the nominal value of the Company's ordinary shares, which materialized in April 2024.

Subsequent changes to the capital structure

On April 26, 2024, the extraordinary general meeting of the Company's shareholders approved a reduction of the nominal value of each ordinary share from CHF 4.00 to CHF 0.10, an increase of the capital band to 7'000'000 shares, and an increase of the conditional capital to 7'000'000 shares.

There were no other 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, 2023

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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

Opinion

We have audited the financial statements of RELIEF THERAPEUTICS Holding SA (the Company), which comprise the balance sheet as at December 31, 2023, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements (pages 102 to 111) comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

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

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

Material uncertainty related to going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. We draw your attention to note 2 of the financial statements, paragraph "Going Concern", which states that the Company's long-term viability is dependent on its ability to raise additional capital or to generate positive cash flows to support its operations. This, along with other matters as described in note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. If it is not possible for the company to continue as a going concern, the financial statements will need to be prepared on the basis of liquidation values. Our opinion is not qualified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Assessment of potential impairment of the investments in subsidiaries

Areas of focus	Our audit response
As of December 31, 2023, investments in subsidiaries were recorded in assets for a net carrying amount of TCHF 38'500 (TCHF 65'613 at December 31, 2022), representing 66.9% of total assets. The investments are valued at acquisition cost less valuation allowances. 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.	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 »

Other information

The Board of Directors is responsible for the other information. 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 compensation report 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 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.

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Board of Directors' Responsibilities for the Financial Statements

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

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

Auditor's 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on Other Legal and Regulatory Requirements

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

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

MAZARS SA

/s/ Franck Paucod

Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

/s/ Yoann Bois

Yoann Bois
Licensed Audit Expert

Geneva, April 30, 2024

Enclosure:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following financial review should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2023, which are prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and are presented in Swiss francs (CHF). Unless otherwise indicated or the context otherwise requires, the terms "Company," "Relief," "Group," "we," "our," "ours," or "us" refer to RELIEF THERAPEUTICS Holding SA together with its consolidated subsidiaries.

In addition to historical data, this review contains forward-looking statements regarding our business and financial performance based on current expectations that involve risks, uncertainties, and assumptions. The Company's actual results may differ materially from those anticipated in these forward-looking statements.

Business Overview

We are a Swiss, commercial-stage biopharmaceutical company committed to delivering innovative treatment options with the potential for transformative outcomes to benefit those suffering from rare debilitating conditions that have no or limited treatment options. Historically, we have had a diversified portfolio of marketed products and developmental product candidates many of which use our proprietary drug delivery platform technologies which we believe allow for improvements in efficacy, safety or convenience to benefit the lives of patients. Following a comprehensive review of our commercial and clinical product portfolio, we are actively pursuing a strategy of refocusing our business on products addressing rare conditions in the dermatological therapeutic area where we believe there is considerable unmet need. For our other commercial and development stage products currently in our portfolio, we are actively seeking potential partners through out-licensing, divestitures or other collaboration transactions.

In accordance with this strategy, on March 21, 2024, we entered into an exclusive license and supply agreement with Eton Pharmaceuticals, Inc. for the commercialization of the GOLIKE® family of products in the United States. As we transition to a business-to-business strategy for selected commercial and development stage products, we are focusing our efforts on advancing RLF-TD011, an acid oxidizing solution of hypochlorous acid that is self-administered, sprayable, and is being studied for the treatment of wounds in epidermolysis bullosa. RLF-TD011 was developed using the Company's proprietary, patented TEHCLO™ Nanotechnology platform.

Our mission is to provide therapeutic relief to those suffering from debilitating rare diseases that have limited or no treatment options to help them live their best possible lives and achieve their full potential. We target established products with a proven history of safety and efficacy and either initial human therapeutic activity, proof-of-concept or a strong scientific rationale, allowing for relatively short, capital-efficient clinical trials with clear endpoints. Our research and development resources are directed toward optimizing the therapeutic potential of these assets to deliver improvements in efficacy, safety and convenience through the application of our proprietary platform technologies, drug delivery systems or novel dosage forms.

Our strategy plans leverage our clinical trial and business development expertise to establish and grow our business in rare dermatologic disorders with high unmet need. We intend to use our product portfolio in rare metabolic and respiratory diseases through partnerships and collaborations to generate cash flow in support of investments in the rare dermatological therapeutic area.

Rare Dermatologic Disorders

- RLF-TD011 in epidermolysis bullosa (EB). We are currently studying RLF-TD011 in a 12-subject proof-of-concept (POC) investigated initiated trial (IIT) where enrollment and treatment have been completed and the results are expected in mid to late-2024. Based on these results, we intend to initiate pre-IND discussions with the FDA by the end of 2024, after which time we expect to file an IND and initiate a Phase 2 trial shortly thereafter. If approved, we would evaluate additional indications for RLF-TD011 and expand our portfolio in rare dermatological therapies through internal or business development activities.

Rare Metabolic Disorders

- PKU GOLIKE® in phenylketonuria (PKU). We recently announced a license and supply relationship with Eton Pharmaceuticals, Inc. to ensure the commercialization of PKU GOLIKE in the United States. We further intend to maximize the commercial potential of the PKU GOLIKE® family of products in all major territories through licensees in order to create a steady and growing positive cash flow; PKU GOLIKE is an approved, and fully reimbursed line of patented and differentiated medical food products for the dietary management of PKU.
- RLF-OD032 in PKU. The Company acquired worldwide rights (except in the United Kingdom) to RLF-OD032 in 2022. We intend to complete clinical studies of this product candidate in 2024 after which time we expect to file a 505(b)(2) NDA with the FDA. If approved, we intend to divest or out-license this product.
- OLPRUVA® in urea cycle disorders (UCDs). The Company in-licensed the rights for OLPRUVA in Europe and funded part of the development of OLPRUVA in the U.S. by Acer Therapeutics, Inc. (Acer). The FDA approved OLPRUVA for the treatment of UCDs in December 2022. Zevra Therapeutics Inc. (Zevra) acquired Acer in 2023 and went through a full commercial launch of the product in January 2024. Relief is entitled to receive a 10% continuing royalty on the net sales of OLPRUVA in the U.S. up to a cumulative amount of USD 45 million. We plan to continue working with Zevra to maximize the commercial potential of OLPRUVA in the U.S. and to identify partnership opportunities for Europe.

Rare Respiratory Diseases

- RLF-100 in pulmonary indications. We intend to explore partnership opportunities with seasoned respiratory biopharmaceutical companies to advance RLF-100® (aviptadil acetate) for both injectable intravenous and inhaled use, and to maximize the potential value of the program.

Additionally, we will continue to evaluate business development opportunities that expand our portfolio in the rare dermatological therapeutic area. We will consider partnerships with, or acquisitions of, companies that have late-stage clinical assets with strong safety and efficacy profiles where we can bring to bear our development expertise and platform technologies to quickly and capital efficiently develop and commercialize these product candidates.

Results of Operations

in CHF thousands	For the years ended December 31, 2023	2022	Change
Revenue	6'033	6'081	(48)
Other gains	295	1'029	(734)
Total income	**6'328**	**7'110**	**(782)**
Raw materials and consumables expenses	(1'736)	(1'250)	(486)
External selling and distribution expenses	(2'200)	(3'307)	1'107
External research and development expenses	(1'328)	(12'393)	11'065
Personnel expenses	(11'838)	(12'998)	1'160
Other administrative expenses	(5'391)	(7'747)	2'356
Other losses	(48)	(63)	15
EBITDA	**(16'213)**	**(30'648)**	**14'435**
Change in fair value of contingent consideration	4'782	8'892	(4'110)
Impairment expense	(96'079)	(26'424)	(69'655)
Amortization and depreciation expense	(3'318)	(3'860)	542
Operating loss	**(110'828)**	**(52'040)**	**(58'788)**
Financial income	93	18	75
Financial expenses	(949)	(2'294)	1'345
Net loss before taxes	**(111'684)**	**(54'316)**	**(57'368)**
Income taxes	13'503	3'526	9'977
Net loss for the period	**(98'181)**	**(50'790)**	**(47'391)**

Revenue

The following table details our revenue figures for 2023 and 2022.

in CHF thousands	2023	2022	Change
Product sales	4'256	2'525	1'731
Royalties	1'411	2'482	(1'071)
Licensing fees	19	380	(361)
Revenue from research and development services	347	694	(347)
Total revenue	**6'033**	**6'081**	**(48)**

Product sales revenue increased by CHF 1.7 million, mainly driven by sales of PKU GOLIKE following its launch in the U.S. in October 2022 and the roll-out of PKU GOLIKE bars in 2023. Royalty revenue fell by CHF 1.1 million as generic competitors to our out-licensed Diclofenac-based products entered the U.S. market in 2023.

Other gains

Other gains were CHF 0.3 million in 2023, compared to CHF 1.0 million in 2022. In the current period, other gains were primarily constituted by a divestment gain related to the renegotiation of the license agreement with Acer and by income from sublease facilities. Other gains in the prior year were primarily constituted by reversals of impairment on financial assets, contributing CHF 0.7 million.

Raw materials and consumables expenses

Raw materials and consumables expenses increased by 39% in 2023 compared to the prior year. This correlates with the 69% increase in product sales revenue. The difference is attributable to a change in the product mix, with a higher proportion of sales stemming from higher-margin products.

Raw materials and consumables expenses include costs incurred with third parties for purchasing and manufacturing medical food and drug products for sale, as well as laboratory supplies for R&D services provided to customers.

External selling and distribution expenses

External selling and distribution expenses decreased to CHF 2.2 million in 2023, from CHF 3.3 million in 2022, a decrease of CHF 1.1 million mainly due to scaled-back marketing activities in 2023, following the preparation and launch of PKU GOLIKE in the U.S. in 2022.

External selling and distribution expenses include costs incurred with third parties for advertising, marketing, and distributing our products and R&D services.

External research and development expenses

External research and development expenses decreased to CHF 1.3 million in 2023, from CHF 12.4 million in 2022, a decrease of CHF 11.1 million. The decrease is mainly attributable to the prior year's CHF 9.9 million expenses under our former license and collaboration agreement with Acer for the development and premarketing activities of OLPRUVA™. In 2023, our external development expenses were mainly directed to the development of RLF-OD032, RLF-TD011 and RLF-100®, alongside the continued development of our GOLIKE® product franchise.

External research and development expenses include costs associated with outsourced clinical research organization activities, sponsored research studies, clinical trial costs, process development, drug candidate manufacturing expenses, license fees, as well as expenses related to laboratory supplies and materials.

Personnel expenses

Personnel expenses decreased to CHF 11.8 million in 2023, compared to CHF 13.0 million in 2022, a decrease of CHF 1.2 million mainly due to lower expenses recognized from the granting of stock options. Specifically, non-cash expenses resulting from stock option grants were CHF 0.8 million in 2023, compared to CHF 2.2 million in 2022.

As of December 31, 2023, Relief employed 49 full-time equivalents, a decrease from 69 full-time equivalents on December 31, 2022.

Other administrative expenses

Other administrative expenses decreased to CHF 5.4 million in 2023, compared to CHF 7.7 million in 2022, a decrease of CHF 2.3 million. The decrease is mainly attributable to a CHF 2 million reduction in legal and regulatory affairs expenses, driven by non-recurring events in 2022. In addition, we achieved a CHF 1.2 million reduction in other professional fees across various administrative activities. These savings were partially offset by an increase of CHF 0.8 million for directors and officers' insurance coverage.

Change in fair value of contingent consideration

Under the APR and AdVita acquisition agreements, Relief agreed to pay additional consideration upon completion of specific milestones. The fair value of the contingent consideration is recorded as a liability on our balance sheet and adjusted at the end of each reporting period based on the estimated probability of occurrence and the time factor. Any changes in the fair value of the contingent liability due to assumption adjustments are recorded in the income statement.

In 2023, a CHF 4.8 million gain was recognized in relation to the postponement of expected completion dates of the development and commercial milestones for RLF-100®, RLF-TD011 and Sentinox™ development programs. In 2022, similar unfavorable changes resulted in a CHF 8.9 million gain.

Impairment expense

We conducted an impairment test of our intangible assets and goodwill as of December 31, 2023, and concluded that the carrying amounts of intangible assets and goodwill associated with RLF-100®, RLF-TD011 and Sentinox™, were impaired. As a result, we recognized a non-cash impairment charge on intangible assets of CHF 96.1 million in the current period. The impairment charge reflects reduced projected returns and their delayed realization, attributable to adjustments to our development and commercialization strategies. Refer to note 7 of our consolidated financial statements for further information on intangible assets and related impairment.

Amortization and depreciation expense

Amortization and depreciation expense was CHF 3.3 million in 2023, compared to CHF 3.9 million in 2022. Amortization and depreciation expense predominantly pertains to the amortization of our intangible assets.

Financial income

Financial income increased to CHF 0.1 million in 2023, compared to CHF 0.02 million in 2022. In 2023, financial income was primarily constituted by interest income from cash deposits and the recognition of interest on a deferred payment expected from Acer in 2024.

Financial expenses

Financial expenses decreased to CHF 0.9 million in 2023, compared to CHF 2.3 million in 2022, a decrease of CHF 1.4 million. This reduction was primarily due to the decrease in interest costs, from CHF 1.3 million to CHF 0.3 million, associated with the unwinding of the time discount on provisions for contingent considerations, in line with the decrease in these provisions.

Income taxes

Income taxes were a gain of CHF 13.5 million in 2023, compared to a gain of CHF 3.5 million in 2022. The income tax gains resulted mainly from the amortization and impairment of intangible assets and a corresponding reduction in the temporary difference between the carrying amount of these assets and their tax base. Unless and until the Group becomes profitable in certain tax jurisdictions, we expect income tax losses and gains will primarily arise from variations of deferred tax assets and liabilities.

Cash Flow Statement

	For the years ended December 31,		
in CHF thousands	**2023**	**2022**	**Change**
Cash and cash equivalents at beginning of period	**19'237**	**44'761**	**(25'524)**
Cash flow used in operating activities	(17'612)	(24'126)	6'514
Cash flow from (used in) investing activities	8'695	(7'999)	16'694
Cash flow from financing activities	4'050	6'417	(2'367)
Decrease in cash and cash equivalents	**(4'867)**	**(25'708)**	**20'841**
Effect of exchange rates	186	184	2
Cash and cash equivalents at end of period	**14'556**	**19'237**	**(4'681)**

Operating Activities

Net cash used in operating activities consists of the net operating loss adjusted for changes in net working capital and for non-cash items, including impairment and depreciation, fair value adjustments, share-based service payments, and changes in post-employment benefit obligations.

In 2023, net cash used in operating activities was CHF 17.6 million, primarily as the result of our negative EBITDA of CHF 16.2 million and an increase of CHF 1.0 million in net working capital. The increase in net working capital was mainly due to a decrease in outstanding payables.

In 2022, net cash used in operating activities was CHF 24.1 million, primarily as the result of our negative EBITDA of CHF 30.6 million, partially offset by a reduction of CHF 5.6 million in net working capital. The reduction in net working capital was mainly due to a decrease in year-end prepayments.

Investing Activities

In 2023, net cash provided by investing activities was CHF 8.7 million and consisted mainly of a payment from Acer under the termination and revised license agreements executed in August 2023.

In 2022, net cash used in investing activities was CHF 8.0 million and consisted mainly of payments to the former shareholders of APR and AdVita in relation to the completion of contractual milestones.

Financing Activities

In 2023, net cash from financing activities was CHF 4.0 million and was derived mainly from a CHF 4.5 million private placement, net of transaction costs.

In 2022, net cash from financing activities was CHF 6.4 million and was derived mainly from the offer of our shares into the trading market through our direct share placement program.

As of December 31, 2023, we had cash and cash equivalents of CHF 14.6 million. Based on current financial projections and available cash, we believe that we have sufficient resources to fund operations into 2026. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We may need to raise additional capital to fund operations beyond 2026 and may not be successful in our efforts to raise additional funds or achieve profitable operations.

Cautionary Statement Regarding Forward-Looking Statements

This annual report contains statements that constitute forward-looking statements. All statements other than statements of historical facts contained in this annual report, including statements regarding our future results of operations and financial position, business strategy, product candidates, marketed products, ongoing and planned clinical studies, including those of our collaboration partners, regulatory approvals, research and development costs, timing and likelihood of success, as well as plans and objectives of management for future operations are forward-looking statements. Many of the forward-looking statements contained in this report can be identified by the use of forward-looking words such as "anticipate," "believe," "could," "expect," "should," "plan," "intend," "estimate," "will" and "potential," among others. Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Such statements speak only as of the date of this annual report and are subject to risks and uncertainties. Actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled "Risk Factors" in our Annual Report on Form 20-F with the U.S. Securities and Exchange Commission. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.