

We expect our research and development costs will increase for the foreseeable future as we seek to advance the development of our programs. At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales of our product candidates. This is due to the numerous risks and uncertainties associated with developing such product candidates, including:

- uncertainty related to discovering clinical candidate;
- uncertainty related to efficiently manufacturing and distributing drug products;
- competitor intellectual property restraining our freedom to operate;
- the number of patients and sites required for clinical trials;
- the length of time required to enroll patients, run clinical trials and analyze results; and
- the results of our clinical trials.

In addition, the probability of success for any of our product candidates will depend on numerous factors, including competition, manufacturing capabilities and commercial viability. A change in the outcome of any of these variables with respect to the development of any of our product candidates would significantly change the costs, timing and viability associated with the development of that product candidate.

#### **General and Administrative Costs**

General and administrative costs consist primarily of personnel costs, including salaries, benefits and share-based compensation cost for our employees as well as corporate facility costs not otherwise included in research and development expenses, legal fees related to corporate matters and fees for accounting and financial or tax consulting services.

We anticipate that our general and administrative costs will increase in the future to support continued research and development activities.

#### **Finance Result, Net**

Finance result, net consists mainly of currency exchange differences, interest expenses relating to lease liabilities, and to the negative interest rate on Swiss franc cash deposits, partially offset by positive interest income on USD bank deposits and short-term deposits.

#### **Taxation**

We are subject to corporate taxation in Switzerland, United States and France. We are also entitled under Swiss laws to carry forward any losses incurred for a period of seven years and can offset our losses carried forward against future taxes. As of December 31, 2021, we had tax losses carried forward totaling CHF 206.5 million of which CHF 3.5 million will expire by the end of 2022. Deferred income taxes are not recognized as we do not believe it is probable that we will generate sufficient taxable profits to utilize these tax losses carried forward.

## A. Operating Results

### Analysis of Results of Operations

The following table presents our consolidated results of operations for the fiscal years 2021, 2020 and 2019.

	For the years ended December 31,		
	2021	2020	2019
	(CHF in thousands)		
Revenue	2,916	3,613	2,763
Other Income	237	266	71
Research and development costs	(12,840)	(10,373)	(12,454)
General and administrative costs	(5,819)	(5,749)	(4,984)
<b>Operating loss</b>	<b>(15,506)</b>	<b>(12,243)</b>	<b>(14,604)</b>
Finance income	217	35	37
Finance expense	(63)	(651)	(213)
<b>Net loss</b>	<b>(15,352)</b>	<b>(12,859)</b>	<b>(14,780)</b>

#### Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

##### Revenue

The following table sets forth our revenue in 2021 and 2020.

	For the years ended December 31,	
	2021	2020
	(CHF in thousands)	
Collaborative research funding	2,916	3,613
<b>Total</b>	<b>2,916</b>	<b>3,613</b>

Revenue decreased by CHF 0.7 million in 2021 compared to 2020 due to amounts received under our license and research agreements with Indivior which are recognized as related costs are incurred.

##### Other Income

The following table sets forth the other income in 2021 and 2020.

	For the years ended December 31,	
	2021	2020
	(CHF in thousands)	
Research grants	218	244
Other service income	19	22
<b>Total</b>	<b>237</b>	<b>266</b>

Other income, remained stable in 2021 compared to 2020 primarily due to amounts from our Eurostars/Innosuisse research grant award, which is being recognized in income as related costs are incurred. Other service income relates to IT consultancy agreements.

### Research and Development Expenses

The following table sets forth our research and development expenses in 2021 and 2020.

	For the years ended December 31,	
	2021	2020
	(CHF in thousands, unaudited)	
Dipraglurant-PD-LID	5,455	4,871
Dipraglurant blepharospasm	720	144
GABA <sub>B</sub> PAM	1,513	1,372
Other discovery programs	1,326	595
<b>Subtotal outsourced R&amp;D per program</b>	<b>9,014</b>	<b>6,982</b>
Staff costs	2,587	2,168
Depreciation and amortization	273	303
Laboratory consumables	295	295
Patent maintenance and registration costs	266	328
Short-term leases	22	24
Other operating expenses	383	273
<b>Subtotal unallocated R&amp;D expenses</b>	<b>3,826</b>	<b>3,391</b>
<b>Total</b>	<b>12,840</b>	<b>10,373</b>

Research and development costs increased by CHF 2.5 million in 2021 compared to 2020. The increase primarily relates to outsourced R&D expenses for CHF 2.0 million, of which, CHF 0.6 million relate to our dipraglurant PD-LID program and CHF 0.6 million for our dipraglurant blepharospasm program. During the same period, staff costs increased by CHF 0.4 million primarily due to the strengthening of our R&D team in 2021.

### General and Administrative Costs

The following table sets forth our general and administrative costs in 2021 and 2020.

	For the years ended December 31,	
	2021	2020
	(CHF in thousands, unaudited)	
Staff costs	2,150	2,229
Depreciation and amortization	74	76
Professional fees	1,380	1,399
Short-term leases	16	12
D&O Insurance	1,592	1,506
Other operating costs	607	527
<b>Total</b>	<b>5,819</b>	<b>5,749</b>

General and administrative costs increased by CHF 0.1 million in 2021 compared to 2020. The increase primarily relates to higher directors and officer's liability insurance premiums as we strengthened our insurance coverage on January 29, 2020 following the Company's listing on the Nasdaq Stock Market.

### Finance Result, Net

The following table sets forth our finance result net in 2021 and 2020.

	For the years ended December 31,	
	2021	2020
	(CHF in thousands)	
Interest income	5	35
Interest cost	(39)	(51)
Interest expense on leases	(24)	(19)
Foreign exchange gains/(losses), net	212	(581)
<b>Total</b>	<b>154</b>	<b>(616)</b>

Finance result, net increased by CHF 0.8 million in 2021 compared to 2020 mainly due to a net currency exchange gain of CHF 0.2 million in 2021 compared to a net currency exchange loss of CHF 0.6 million in 2020 primarily to the impact of a strengthening U.S dollar on U.S dollar cash deposits.

### Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

#### Revenue

The following table sets forth our revenue in 2020 and 2019.

	For the years ended December 31,	
	2020	2019
	(CHF in thousands)	
Collaborative research funding	3,613	2,763
<b>Total</b>	<b>3,613</b>	<b>2,763</b>

Revenue increased by CHF 0.9 million in 2020 compared to 2019 due to amounts received under our license and research agreements with Indivior which are recognized as related costs are incurred.

#### Other Income

The following table sets forth the other income in 2020 and 2019.

	For the years ended December 31,	
	2020	2019
	(CHF in thousands)	
Research grants	244	49
Other service income	22	22
<b>Total</b>	<b>266</b>	<b>71</b>

Other income increased by CHF 0.2 million in 2020 compared to 2019 primarily due to amounts from our Eurostars/Innosuisse research grant award, which is being recognized in income as related costs are incurred. Other service income relates to IT consultancy agreements.

### Research and Development Expenses

The following table sets forth our research and development expenses in 2020 and 2019.

	For the years ended December 31,	
	2020	2019
	(CHF in thousands, unaudited)	
Dipraglurant-PD-L1D	4,871	7,177
Dipraglurant blepharospasm	144	—
GABA <sub>B</sub> PAM	1,372	1,516
Other discovery programs	595	658
<b>Subtotal outsourced R&amp;D per program</b>	<b>6,982</b>	<b>9,351</b>
Staff costs	2,168	1,956
Depreciation and amortization	303	264
Laboratory consumables	295	230
Patent maintenance and registration costs	328	268
Short-term leases	24	27
Other operating expenses	273	358
<b>Subtotal unallocated R&amp;D expenses</b>	<b>3,391</b>	<b>3,103</b>
<b>Total</b>	<b>10,373</b>	<b>12,454</b>

Research and development costs decreased by CHF 2.1 million in 2020 compared to 2019 primarily due to delays in starting certain clinical development activities due to the global coronavirus pandemic.

### General and Administrative Costs

The following table sets forth our general and administrative costs in 2020 and 2019.

	For the years ended December 31,	
	2020	2019
	(CHF in thousands, unaudited)	
Staff costs	2,229	2,333
Depreciation and amortization	76	69
Professional fees	1,399	1,932
Short-term leases	12	—
D&O Insurance	1,506	44
Other operating costs	527	606
<b>Total</b>	<b>5,749</b>	<b>4,984</b>

General and administrative costs increased by CHF 0.8 million in 2020 compared to 2019. The increase of CHF 1.5 million in the directors and officer's liability insurance premiums following the Company's listing on the Nasdaq Stock Market from January 29, 2020 was partially offset by a decrease of CHF 0.5 million in professional fees including lower audit fees.

## Finance Result, Net

The following table sets forth our finance result net in 2020 and 2019.

	For the years ended December 31,	
	2020	2019
	(CHF in thousands)	
Interest income	35	37
Interest cost	(51)	(106)
Interest expense on leases	(19)	(22)
Foreign exchange losses net	(581)	(85)
<b>Total</b>	<b>(616)</b>	<b>(176)</b>

Finance result, net decreased by CHF 0.4 million in 2020 compared to 2019 mainly due to currency exchange differences on U.S dollar cash deposits due to the strengthening of the Swiss franc.

## B. Liquidity and Capital Resources

Since our inception through December 31, 2021, we have generated CHF 63.3 million of revenue and have incurred net losses and negative cash flows from our operations. We have funded our operations primarily through the sale of equity. From inception through December 31, 2021, we raised an aggregate of CHF 344.9 million of gross proceeds from the sale of equity. As at December 31, 2021, we had CHF 20.5 million in cash and cash equivalents.

Our primary uses of cash are to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the changes in our outstanding accounts payable and accrued expenses. We currently have no ongoing material financing commitments, such as lines of credit or guarantees.

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue to advance our portfolio of product candidates, initiate further clinical trials and seek marketing approval for our product candidates.

In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to program sales, marketing, manufacturing and distribution to the extent that such sales, marketing and distribution are not the responsibility of potential collaborators. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

We expect our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements through the first half of 2023. 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. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of our ongoing and planned preclinical studies and clinical trials for dipraglurant PD-L1D and dipraglurant blepharospasm programs;
- the timing and amount of milestone and royalty payments we may receive under our license agreements;
- the extent to which we in-license or acquire other product candidates and technologies;
- the number and development requirements of other product candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our product candidates;

- the duration and severity of the COVID-19 pandemic;
- the costs associated with building out our Swiss and U.S. operations; and
- the costs and timing of future commercialization activities, including drug manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our revenue, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if at all.

Until such time, if ever, as we can generate substantial product revenue, we may finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of any additional securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through additional collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

The following table shows a summary of our cash flows for the years indicated:

	For the years ended December 31,		
	2021	2020	2019
	(CHF in thousands)		
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18,695</b>	<b>31,537</b>	<b>41,670</b>
Net cash flows used in operating activities	(14,705)	(12,180)	(9,482)
Net cash flows used in investing activities	(30)	(59)	(43)
Net cash flows from / (used in) financing activities	16,403	46	(464)
<b>Increase/(Decrease) in cash and cash equivalents.</b>	<b>1,668</b>	<b>(12,193)</b>	<b>(9,989)</b>
Effect of the exchange rates	122	(649)	(144)
<b>Cash and cash equivalents at end of year</b>	<b>20,485</b>	<b>18,695</b>	<b>31,537</b>

#### **Operating Activities**

Net cash flows from or used in operating activities consist of the net loss adjusted for changes in net working capital (current assets less current liabilities), and for non-cash items such as depreciation and the value of share-based services.

During the year ended December 31, 2021, operating activities used CHF 14.7 million of cash primarily due to our net loss of CHF 15.4 million adjusted for CHF 0.6 million of increased net working capital and CHF 0.1 million of net finance income primarily relating to currency exchange gains on cash and cash equivalents, partially off set by CHF 1.4 million of non-cash items mainly related to the value of share based services and depreciation of the right of use assets for leases. Changes in net working capital mainly relate to increased prepayments on our dipraglurant PD-L1D program.

During the year ended December 31, 2020, operating activities used CHF 12.2 million of cash primarily due to our net loss of CHF 12.9 million adjusted for CHF 0.7 million of finance costs and the net effect of increased net working capital of CHF 1.5 million off set by CHF 1.5 million of non-cash items mainly related to the value of share based services and depreciation of the right of use assets for leases. Changes in working capital mainly relate to decreased payables and accruals that are primarily due to delays in starting certain clinical development activities due to the global coronavirus pandemic.

During the year ended December 31, 2019, operating activities used CHF 9.5 million of cash primarily due to our net loss of CHF 14.8 million adjusted for CHF 2.9 million of decreased net working capital and non cash items of CHF 2.1 million. Non cash items relate mainly to the value of share based services and the depreciation of the right of use assets for leases. Changes in working capital mainly relate to an increase of CHF 1.1 million and CHF 0.9 million in payables and accruals, respectively that are primarily related to our dipraglurant PD LID program and professional service fees related to our recent listing of ADSs on the Nasdaq stock market, as well as CHF 0.7 million of increased contract liabilities related to our funded research contract with Indivior.

#### **Investing Activities**

Net cash used in investing activities consist primarily of investments in computer and laboratory equipment, security rental deposits related to laboratory and office space.

During the years ended December 31, 2021 and 2020 net cash used in investing activities was close to nil, primarily related to investments in laboratory equipment and to a lesser extent computer hardware and software.

During the year ended December 31, 2019, net cash used in investing activities was close to nil, primarily related to investments in security rental deposits for our US office and to a lesser extent computer and laboratory equipment.

#### **Financing Activities**

Net cash flows from financing activities consists of proceeds from the sale of equity securities, whilst net cash flows used in financing activities primarily relate to the principal element of lease payments and associated interest expenses, interest expenses on Swiss francs cash deposits and capital increase costs.

During the year ended December 31, 2021, net cash flows from financing activities amounted to CHF 16.4 million and primarily relate to offerings executed on January 8, 2021 and December 16, 2021 with a respective gross proceed of CHF 10.1 million and CHF 9.2 million partially offset by total offering costs of CHF 3.3 million of which CHF 0.2 million has been paid in December 2020 and CHF 0.5 million was still pending to be paid as of December 31, 2021. The other cash out flows primarily relate to the principal element of lease payments and associated interest expense for CHF 0.4 million.

During the year ended December 31, 2020, net cash flows from financing activities was close to nil. The sale of treasury shares of CHF 0.7 million has been off-set by the principal of lease payments for CHF 0.4 million and offering costs of CHF 0.2 million paid in December 2020 for the preparation of the capital increase executed on January 8, 2021.

During the year ended December 31, 2019, net cash flows used in financing activities primarily related to the principal element of lease payments and associated interest expenses.

#### **Off-Balance Sheet Arrangements**

As of the date of the discussion and analysis and during the period presented, we did not have, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the U.S. Securities and Exchange Commission.

#### **Lease liabilities and commitments**

The maturities for lease payments in relation to operating lease under IFRS 16 as of December 31, 2021 are as follows:

At December 31 2021	Less than 1 Year	1 to 5 Years	More than 5 Years	Total cash out flows	Carrying amount liabilities
			(CHF in thousands)		
Lease Liabilities	315	203	–	518	482

Lease liabilities relate to the rent of laboratories, equipment, offices and related spaces used by the Group. There are no cancellable operating lease commitments over 5 years.