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 since January 2018, partially offset by positive interest income on USD bank deposits and short term deposits since the year ended December 31, 2019.

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, 2020, we had tax losses carried forward totaling CHF 183.4 million of which CHF 1.2 million will expire by the end of 2021. 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.

Analysis of Results of Operations

The following table presents our consolidated results of operations for the fiscal years 2020, 2019 and 2018.

	For the years ended December 31,		
	2020	2019	2018
	(CHF in thousands)		
Revenue	3,613	2,763	6,044
Other Income	266	71	659
Research and development costs	(10,373)	(12,454)	(4,919)
General and administrative costs	(5,749)	(4,984)	(3,209)
Operating loss	**(12,243)**	**(14,604)**	**(1,425)**
Finance income	35	37	—
Finance expense	(651)	(213)	(220)
Net loss	**(12,859)**	**(14,780)**	**(1,645)**

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
Total	**3,613**	**2,763**

Revenue increased by CHF 0.9 million in 2020 compared to 2019 primarily 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
Total	**266**	**71**

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 consulting services performed by our finance and administration department.

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-LID	4,871	7,177
$GABA_B$ PAM	1,372	1,516
Other discovery programs	739	658
Subtotal outsourced R&D per program	**6,982**	**9,351**
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
Subtotal unallocated R&D expenses	**3,391**	**3,103**
Total	**10,373**	**12,454**

Research and development costs decreased by CHF 2.1 million 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
Total	**5,749**	**4,984**

General and administrative costs increased by CHF 0.8 million 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)
Total	**(616)**	**(176)**

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 strenghtening of the Swiss franc.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

The following table sets forth our revenue in 2019 and 2018.

	For the years ended December 31,	
	2019	2018
	(CHF in thousands)	
Fees from sale of license rights	—	4,876
Collaborative research funding	2,763	1,168
Total	**2,763**	**6,044**

Revenue decreased by CHF 3.3 million in 2019 compared to 2018 primarily due to the absence of the USD 5.0 million (CHF 4.8 million) upfront payment received from Indivior in January 2018 partially offset by the increase in collaborative research funding from Indivior.

Other Income

The following table sets forth the other income in 2019 and 2018.

	For the years ended December 31,	
	2019	2018
	(CHF in thousands)	
Research grants	49	609
Other service income	22	50
Total	**71**	**659**

Other income decreased by CHF 0.6 million in 2019 compared to 2018 primarily due to the absence of MJFF research grants recognized in 2018. In 2019, research grants relate to amounts recognized under our Eurostars/Innosuisse grant award. Other service income relates to consulting services performed by our finance and administration department.

Research and Development Expenses

The following table sets forth our research and development expenses in 2019 and 2018.

	For the years ended December 31,	
	2019	2018
	(CHF in thousands, unaudited)	
Dipraglurant–PD-LID	7,177	1,405
$GABA_B$ PAM	1,516	477
Other discovery programs	658	486
Subtotal outsourced R&D per program	**9,351**	**2,368**
Staff costs	1,956	1,307
Depreciation and amortization	264	2
Professional fees	–	505
Laboratory consumables	230	144
Patent maintenance and registration costs	268	262
Operating leases	–	134
Short-term leases	27	–
Other operating expenses	358	197
Subtotal unallocated R&D expenses	**3,103**	**2,551**
Total	**12,454**	**4,919**

Our research and development costs increased by CHF 7.5 million in 2019 compared to 2018 primarily due to CHF 5.8 million of increased outsourced R&D expenses related to our dipraglurant PD-LID program and CHF 1.0 million related to our $GABA_B$ PAM program.

In addition to increased directly attributable CROs and consulting costs we significantly increased our headcount in 2019 resulting in a CHF 0.6 million increase in staff costs.

The increase in depreciation and amortization relates to the recognition of the right-of-use assets of long-term operating leases in accordance with IFRS 16 effective from January 1, 2019.

General and Administrative Costs

The following table sets forth our general and administrative costs in 2019 and 2018.

	For the years ended December 31,	
	2019	2018
	(CHF in thousands, unaudited)	
Staff costs	2,333	918
Depreciation and amortization	69	1
Professional fees	1,932	1,809
Operating leases	–	45
D&O insurance	44	19
Other operating costs	606	417
Total	**4,984**	**3,209**

General and administrative costs increased by CHF 1.8 million in 2019 compared to 2018 primarily due to the increase of headcount and costs related to preparing the listing of ADSs on the Nasdaq Stock Market.

The increase in depreciation and amortization relates to the recognition of the right-of-use assets of long-term operating leases in accordance with IFRS 16 effective from January 1, 2019.

Other operating costs increased in 2019 due to the travels, insurance premiums and associated listing costs.

Finance Result, Net

Finance result net, remained stable in 2019 compared to 2018 and primarily relates to currency exchange differences, interest expenses relating to the negative interest rates on Swiss franc cash deposits since January 2018 partially offset by positive interest income on USD bank deposits and short term deposits since the year ended December 31, 2019.

Liquidity and Capital Resources

Since our inception through December 31, 2020, we have generated CHF 60.4 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, 2020, we raised an aggregate of CHF 325.4 million of gross proceeds from the sale of equity. As at December, 31, 2020, we had CHF 18.7 million in cash and cash equivalents. On January 8, 2021 we issued 6,900,000 new shares of which 6,750,000 were in the form of ADSs. The gross proceeds amount to CHF 10.1 million (USD 11.5 million).

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 at least the second quarter 2022. 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-LID and 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,		
	2020	2019	2018
	(CHF in thousands)		
Cash and cash equivalents at the beginning of the year	**31,537**	**41,670**	**2,579**
Net cash flows from / (used in) operating activities	(12,180)	(9,482)	1,752
Net cash flows used in investing activities	(59)	(43)	(57)
Net cash flows from / (used in) financing activities	46	(464)	37,385
Increase/(Decrease) in cash and cash equivalents.	**(12,193)**	**(9,989)**	**39,080**
Effect of the exchange rates	(649)	(144)	11
Cash and cash equivalents at end of year	**18,695**	**31,537**	**41,670**

Operating Activities

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

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 reduced working capital of CHF 1.5 million off-set by CHF 1.5 million of non cash items mainly related to the value of the share-based service and depreciation of the right-of-use assets of leases. Changes in working capital mainly relate to a decrease payables and accruals that is 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 changes in net working capital of CHF 2.9 million 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 of leases. Changes in working capital mainly relate to an increases 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.

During the year ended December 31, 2018, operating activities generated positive cash flows of CHF 1.8 million primarily due to the revenue of CHF 6.0 million from the licensing and research agreement with Indivior that limited the consolidated net loss to CHF 1.6 million and non-cash items of CHF 2.3 million primarily consisting of the value of share-based services. Changes in net working capital of CHF 1.0 million primarily include a CHF 1.1 million increase in payables and accruals related to dipraglurant manufacturing and PD-LID clinical trial preparation costs off-set by a decrease of CHF 0.4 million in deferred income, primarily related to the recognition of research grants from MJFF.

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 year ended December 31, 2020, net cash used in investing activities was close to nil, primarily related to investments in laboratory equipment and to a lesser extent computer and softwares.

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.

During the year ended December 31, 2018, net cash used in investing activities was close to nil, primarily related to investments in security rental deposits related to laboratory and office space, 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 relates to the principal element of lease payments under IFRS 16, interest expenses on Swiss francs cash deposits and capital increase costs.

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 capital increase costs of CHF 0.4 million that mainly relate to costs of preparing for the capital increase that was 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 expense resulting from the adoption of IFRS 16, effective from January 1, 2019.

During the year ended December 31, 2018, net cash from financing activities primarily related to proceeds from the sale of equity securities.

Lease liabilities and commitments

The maturities for lease payments in relation to operating lease under IFRS 16 as of December 31, 2020 are as follows:

At December, 31 2020	Less than 1 Year	1 to 5 Years	More than 5 Years	Total cash out flows	Carrying amount liabilities
			(CHF in thousands)		
Lease Liabilities	332	270	—	**602**	**567**

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.

We enter into contracts in the normal course of business with CROs for clinical trials, preclinical studies, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

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.

Outstanding Debt

We do not engage in trading activities involving non-exchange traded contracts nor do we currently have any debt outstanding. We therefore believe that we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which we have prepared in accordance with International Financial Reporting Standards, or IFRS. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates.

While our significant accounting policies are described in more detail in Note 4 to our audited consolidated financial statements appearing elsewhere in this Annual Report on Form 20-F, we believe the following accounting policies to be most critical to understanding our historical financial performance as they relate to the more significant areas involving management's judgments and estimates.

Revenue recognition

Under IFRS 15, we recognize as revenue our non-refundable license fees, milestone, research activities and royalties when our customer obtains control of promised services, in an amount that reflects the consideration which we expect to receive in exchange for those rendered services. To assess revenue recognition for arrangements that we determine are within the scope of IFRS 15, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for services we transfer to the customer.

At contract inception, once the contract is determined to be within the scope of IFRS 15, we assess the services promised within each contract and determine those that are performance obligations and assess whether each promised service is distinct. We use the most likely method to estimate any variable consideration and include such consideration in the amount of the transaction price based on an estimated stand-alone selling price. Revenue is recognized for the respective performance obligation when (or as) the performance obligation is satisfied.

Other income

We recognized grants at their fair value when we have the reasonable assurance that they will be received, and all conditions will be complied with. Grants are recognized in the accounting period as the costs they intend to compensate are incurred.

Recognition of Research and Development Costs

We recognize expenses incurred in carrying out our research and development activities in line with our best estimation of the stage of completion of each separately contracted study or activity. This includes the calculation of research and development accruals at the end of each period to account for expenditure that has been incurred. This requires us to estimate the full costs to complete each study or activity and to estimate the current stage of completion. There have been no material adjustments to estimates based on the actual costs incurred for the periods presented. In all cases, we expense the full cost of each study or activity by the time the final study report or, where applicable, product, has been received.

We will recognize an internally-generated intangible asset arising from our development activities only when an asset is created that can be identified, it is probable that the asset created will generate future economic benefits and the development cost of the asset can be measured reliably. We have determined that regulatory and marketing approvals are the earliest points at which the probable threshold for the creation of an internally generated intangible asset can be achieved. We therefore expense all research and development expenditure incurred prior to achieving such approvals as it is incurred. None of our product candidates have yet received regulatory and marketing approvals.

Share-Based Compensation

We measure and recognize compensation expense for all equity incentive units based on the estimated fair value of the award on the grant date. We only grant equity incentive units to our employees, key consultants and board members. The fair value is recognized as expense, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award.

The fair value at the grant date of the equity incentive units is determined using either an option pricing method that uses a Black-Scholes model or a binomial valuation model. In establishing these

models, a number of assumptions are made by management. The fair value per share for our shares is the closing price of our shares as reported by the SIX Swiss Exchange on the applicable grant date. A number of assumptions on the volatility of the underlying shares and on the risk free rate are made in these models.

Employee Benefits

We maintain a pension plan for all employees in Switzerland that is maintained through payments to a legally independent collective foundation. This pension plan qualifies under IFRS as a defined benefit pension plan. There are no pension plans for the subsidiaries in the United States.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the consolidated statement of comprehensive loss.

Recent Accounting Pronouncements

See Note 2.2 to our consolidated financial statements included elsewhere in this Annual Report on Form 20-F for a description of recent accounting pronouncements applicable to our consolidated financial statements.

Qualitative and Quantitative Disclosures about Financial Risks

We operate primarily in Switzerland, Europe and in the United States and are therefore exposed to market risk, which represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates.

As of December 31, 2020, we had CHF 18.7 million of cash and cash equivalents and we had no debt.On January 8, 2021 we raised CHF 10.1 million (USD 11.5 million) through the issuance of 6,900,000 new shares of which 6,750,000 were in the form of ADSs.

JOBS Act Transition Period

Subject to certain conditions, as an emerging growth company, we may rely on certain of these exemptions under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, including without limitation, (1) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (2) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) December 31, 2025, (b) in which we have total annual gross revenues of at least $1.07 billion or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission, which means the market value of our common shares that is held by