RELIEF
THERAPEUTICS

HALF-YEAR REPORT 2022

TABLE OF CONTENTS

2022 TO DATE HIGHLIGHTS

PKU GOLIKE®

In March 2022, APR Applied Pharma Research SA ("APR") announced that the International Journal of Molecular Sciences had published in vivo data on metabolic responses to formulations of amino acid mixtures for the treatment of PKU. The peer reviewed journal's paper indicated that prolonged release of amino acids, such as those present in formulations like PKU GOLIKE®, may have beneficial effects on the dietary treatment of PKU.

In April 2022, APR received a Notice of Allowance from the USPTO for Patent Application No. 15/303,121, entitled, "Modified Release Orally Administered Amino Acid Formulations." The allowance covers certain formulations of PKU GOLIKE® in APR's product line and supplements APR's PKU GOLIKE® intellectual property portfolio, which includes U.S. Patent No. 10,500,180.

ACER-001

Relief signed a Collaboration and License Agreement with Acer Therapeutics Inc. ("Acer") in March 2021, for the worldwide development and commercialization of ACER-001 (sodium phenylbutyrate) for the treatment of Urea Cycle Disorders ("UCD") and Maple Syrup Urine Disease ("MSUD"), under which Acer received a total of USD 35 million in cash payments. Acer retains development and commercialization rights in the U.S., Canada, Brazil, Turkey and Japan. The companies will split net profits from Acer's territories 60%:40% in favor of Relief. In addition, Relief has licensed the rights for the rest of the world, where Acer will receive from Relief a 15% royalty on all net revenues received in Relief's territories. Acer may also receive a total of USD 6 million in development milestone payments, following the first European marketing approvals for UCD and MSUD.

In February 2022, Relief announced that Acer was issued U.S. patent 11,202,767 from the USPTO covering methods of use claims related to ACER-001's multi-particulate dosage formulation for oral administration for the potential treatment of UCD and MSUD. The patent builds upon previous issuance of U.S. patent 11,154,521, covering pharmaceutical composition claims of ACER-001.

In April 2022, Acer and Relief announced the presentation of data evaluating the bioavailability, bioequivalence, and taste attributes of ACER-001 at the Society for Inherited Metabolic Disorders Annual Meeting.

In May 2022, Acer and Relief reported the presentation of data on ACER-001 at the Genetic Metabolic Dieticians International Conference.

In June 2022, Relief reported that Acer issued a press release regarding the PDUFA target action date for ACER-001. The statement noted that an FDA review of ACER-001 for UCD remained ongoing and that no definitive target date was available.

In June 2022, Acer and Relief announced that the FDA had issued a Complete Response Letter (CRL) regarding the New Drug Application (NDA) for ACER-001 for UCD. The CRL stated that the FDA could not approve the NDA for ACER-001 for UCD in its current form due to an incomplete inspection of Acer's third-party contract packaging manufacturer. The FDA did not cite any other approvability issues in the CRL related to the NDA. Acer noted that it was actively working with its third-party contract packaging manufacturer and cooperating with the FDA to address the CRL and stated its intent to resubmit an updated NDA for ACER-001 for UCD in early-to-mid Q3 2022.

Subsequently, in July 2022 (post reporting period), Relief announced that Acer had resubmitted its NDA for ACER-001 for the treatment of UCD to the FDA. Acer stated that the resubmission addressed, in full, the items raised by the FDA in the CRL. Later that same month, Relief and Acer announced the NDA was accepted for review by the FDA, which designated the NDA as a Class 2 resubmission and set a PDUFA target action date of January 15, 2023.

In July 2022 (post reporting period), Acer and Relief announced the submission of an Investigational New Drug (IND) application to the FDA to evaluate the efficacy and safety of ACER-001 for the potential treatment of MSUD.

In August 2022 (post reporting period), Relief and Acer announced that the European Commission had granted orphan medicinal product designation in the EU to ACER-001 for the potential treatment of patients with MSUD.

APR-OD32

In March 2022, APR announced the acquisition of the worldwide commercial rights (excluding UK) from the UK-based company Meta Healthcare Ltd. ("Meta") for a novel, differentiated dosage form of a prescription drug already approved by the U.S. FDA and intended for the treatment of patients with Phenylketonuria ("PKU"). This improved product is expected to enhance patient acceptance and compliance as well as enable easier, self or caregiver administered dosing and dispensing.

In July 2022 (post reporting period), the final agreement was executed. Pursuant to the final agreement, Meta shall transfer to Relief all data, know-how, as well as any intellectual property related to "APR-OD32", as developed, or generated by Meta. Relief shall only be responsible for funding the remaining development activities as well as for filing and obtaining a new drug application in all countries worldwide except for the UK where Relief shall grant a license back to Meta, enabling Meta to market the product in that country. Other than the initial acquisition payment and low double-digit royalty payments on net profit of the product in the various countries, Relief shall be under no obligation to fund or pay any other amount to Meta.

RLF-100® (AVIPTADIL)

RLF-100® (AVIPTADIL), IV

In January 2022, the parent company, NRx Pharmaceuticals, Inc. (Nasdaq: NRXP) ("NRx"), of Relief's collaboration partner for RLF-100®, NeuroRx, Inc. ("NeuroRx"), announced that it had submitted an application to the FDA seeking Emergency Use Authorization ("EUA") for the use of aviptadil to treat patients with critical COVID-19 who are at immediate risk of death from respiratory failure despite treatment with approved therapy including remdesivir and who are ineligible for enrollment into the ACTIV-3b NIH-sponsored trial.

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

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

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

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

In April 2022, NRx filed a Breakthrough Therapy Designation (BTD) request for aviptadil with the FDA. NRx reported that the request was based on a post hoc analysis of COVID-19 patients that, in addition to aviptadil or placebo, were also treated with remdesivir and whose respiratory failure due to COVID-19 continued to progress. NRx also stated that its request included cumulative safety data on approximately 750 patients treated with RLF-100® IV for Critical COVID-19. Subsequently, in June 2022, Relief reported that NRx had announced an update on its BTD request and disclosed that the FDA had denied its BTD application for aviptadil.

In May 2022, Relief reported that NRx had announced results from NIH's DSMB trial evaluating aviptadil for the treatment of COVID-19, noting discontinuation of the trial for futility.

In May 2022, Relief provided a corporate update noting that it intends to continue clinical assessment of both inhaled and IV formulations of RLF-100® for other indications, including (1) the continuation of the European study of inhaled RLF-100® for COVID-19-infected patients (the "Leuppi Study"); (2) the initiation of a clinical trial of RLF-100® in early 2023 in patients with sarcoidosis; (3) the exploration of RLF-100® for checkpoint inhibitor-induced pneumonitis; (4) testing of RLF-100® in the treatment of non-COVID-19-related acute respiratory distress syndrome (ARDS); and (5) conducting a European proof-of-concept of RLF-100® in the treatment of chronic berylliosis.

In July 2022 (post reporting period), NRx announced that the FDA declined EUA for aviptadil in the treatment of patients with critical COVID-19 who are at immediate risk of death from respiratory failure despite treatment with approved therapy, including remdesivir.

In August 2022 (post reporting period), Relief announced promising three-month initial stability data on a new formulation of RLF-100®, which appears to be shelf-stable at temperatures suitable for shipping and long-term storage, thus having significant clinical and commercial value. The new formulation potentially allows RLF-100® to be delivered via multiple routes of administration for treatment of multiple lung disease indications including pulmonary sarcoidosis, ARDS, berylliosis and checkpoint inhibitor-induced pneumonitis, all of which Relief seeks to pursue.

RLF-100® (AVIPTADIL), INHALED

In April 2022, Relief reported that the Swiss Patent Office IPI issued a patent WO2020/225246 entitled, "Vasoactive Intestinal Peptide (VIP) for the Use in the Treatment of Drug-induced Pneumonitis," to Relief's subsidiary, AdVita LiveScience GmbH ("AdVita"). The patent provides intellectual property protection to Relief's inhaled formulation of RLF-100® into at least 2039.

In April 2022, NRx announced that the I-SPY COVID-19 clinical trial, conducted by NeuroRx and Quantum Leap Healthcare Collaborative™ ("Quantum Leap") of San Francisco, suggested no clinical benefit to the addition of nebulized aviptadil given by mouth inhalation to critically ill patients with COVID-19. The trial was consequently discontinued.

SENTINOX

In March 2022, APR Applied Pharma Research SA ("APR") reported final data from its clinical trial of Sentinox in SARS-CoV-2 infected patients. Although the primary endpoint was not achieved, the results suggest the potential efficacy of Sentinox, with a better response in subjects dosed 3 times per day versus the control group, in the reduction of the nasal viral load, negativization and infectivity and confirmed its safety and tolerability.

CAMBIA

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

BUSINESS UPDATE

In March 2022, Relief filed Amendment No. 1 to its Registration Statement on Form 20-F with the SEC, initially filed in November 2021. The registration statement and Amendment were filed to begin the process of up-listing Relief's Level 1 ADR program in the U.S. to a Level 3 ADR program. On July 20, 2022, Relief's Registration Statement on Form 20-F under the Securities Exchange Act of 1934 became effective, and Relief is now a publicly reporting company in the U.S.

In August 2022 (post reporting period), Relief filed a Registration Statement on Form F-1 for a proposed offering of its ordinary shares in the form of American Depositary Shares ("ADSs"). The number of ADSs to be offered and the price range for the proposed offering have not yet been determined. As part of the registration process, Relief plans to apply to list its ADSs on the Nasdaq stock market, and such listing is

expected to become effective on effectiveness of its registration statement during the second half of 2022. There can be no assurance that Relief's Form F-1 registration statement will become effective, that Relief will successfully complete an offering of its ADSs, or that Relief will be successful in its efforts to up-list its ADSs to the Nasdaq Stock Market.

DISPUTE WITH NEURORX

On August 22, 2022 (post reporting period), we reached a tentative settlement of our ongoing disputes with NRx Pharmaceuticals and its subsidiary, NeuroRx, Inc. The parties have agreed to work collaboratively to finalize the settlement within the next 30 days and have stayed their pending litigation for an additional 60 days to allow for the negotiation and execution of definitive settlement documents. While there can be no assurance, Relief is optimistic that the tentative settlement will be successfully completed.

PERSONNEL

In January 2022, the shareholders of Relief appointed Michelle Lock to the Company's Board of Directors, bringing Relief's Board to five members.

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

In April 2022, Relief added Drew Cronin-Fine to its rapidly growing commercial team as Executive Director, Head of U.S. Marketing. Ms. Cronin-Fine is responsible for expanding and directing Relief's U.S. marketing activities.

In May 2022, Relief announced the appointments of Tracy Truong and Kelli Powell as Regional Clinical Specialists for the West and Northeast regions, respectively. As highly accomplished and experience pharmaceutical sales account managers, Ms. Truong and Ms. Powell serve as integral members in developing Relief's commercial reach across the U.S.

In July 2022 (post reporting period), Relief appointed Serene Forte, Ph.D., MPH, as Senior Vice President, Head of Genetic Medicine. In this newly created role, Dr. Forte, an experienced leader in commercial and medical affairs with a focus on gene therapy, will spearhead Relief's new genetic medicine initiatives.

In August 2022 (post reporting period), Relief announced the appointment of David McCullough as Senior Director and Head of U.S. Market Access. In this newly created position, Mr. McCullough directs Relief's market access strategy and operations to ensure timely and effective access to Relief's products for patients in the U.S.

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS,

The first half of 2022 was marked by tremendous progress as we continued to execute on our goal of becoming a fully integrated, capital-efficient, commercial-stage biopharmaceutical company targeting rare and specialty disease indications. Our clinical development program is currently focused on three therapeutic areas: rare metabolic disorders, rare pulmonary diseases, and rare connective tissue disorders, with particular emphasis on conditions with dermatological manifestations. We also leverage our internal R&D capabilities to identify, develop and commercialize repurposed drugs with proven safety and efficacy.

During the year, we have focused on preparations for the impending U.S. launch of PKU GOLIKE®, a differentiated medical food product engineered with the patent protected, proprietary Physiomimic drug delivery technology, for the dietary management of phenylketonuria ("PKU"). PKU is a rare genetic disorder affecting approximately 350'000 patients in the world's key markets. PKU GOLIKE® is currently marketed in Europe and we look forward to the U.S launch, early in the fourth quarter of this year. In keeping with our commitment to this patient population and our persistent focus on a cost-effective approach to drug development, we acquired from Meta Healthcare Ltd. the worldwide commercialization rights (except in the UK) for a novel dosage form of an already FDA-approved prescription drug, intended for the treatment of patients with PKU. We anticipate filing for registration approval through a 505(b)(2) NDA during 2023. Diversifying our offerings for this important, underserved patient population is key, and we look forward to potential market launches of this prescription product in the U.S. and Europe sometime in 2024.

The upcoming launch of PKU GOLIKE® into the U.S. market necessitated an expansion of our sales organization and commercial capabilities, and we were pleased to announce the appointment of a number of highly seasoned biotech executives to lead this effort. These included Christopher Wick, a former Regional Sales Director for Alexion Pharmaceuticals, Inc., named Executive Director, Head of U.S. Sales; Drew Cronin-Fine, formerly heading U.S. Marketing at Intercept Pharmaceuticals, Inc., appointed Executive Director, Head of U.S. Marketing; and David McCullough, a former National Account Director at the rare disease-focused firm Mirum Pharmaceuticals, Inc., as Senior Director and Head of U.S. Market Access, all reporting to Anthony Kim, Senior Vice President, and Head of U.S. Commercial Operations. In addition, we added four key Regional Clinical Specialists who will be integral in developing Relief's commercial reach across the U.S. Having completed the hiring of the U.S. commercial team, we are one step closer to providing patient access to treatments for diseases with high unmet medical needs.

In parallel to these activities, we continue to work closely with our collaboration partner, Acer Therapeutics Inc. ("Acer"), on preparations for the potential launch, in the U.S., of ACER-001, a taste-masked, immediate-release, proprietary powder formulation of sodium phenylbutyrate (NaPB) for the treatment of urea cycle disorders ("UCDs"). As previously reported, Acer resubmitted a New Drug Application ("NDA") to the FDA under the 505(b)(2) pathway for ACER-001 in UCDs in July 2022. The FDA accepted the NDA and assigned a Prescription Drug User Fee Act ("PDUFA") target action date of January 15, 2023. Assuming approval, we anticipate U.S. commercialization in the first half of 2023, marking an important milestone for the collaboration and representing our second commercialized product in the U.S. We also plan to submit a Marketing Authorization Application for approval of ACER-001 for the treatment of UCD in the UK and EU.

During the year, we significantly strengthened the patent portfolio for ACER-001 with the issuance of U.S. patent 11,202,767 covering methods-of-use claims related to ACER-001's multi-particulate dosage formulation for oral administration for the potential treatment of UCD and MSUD. The patent builds upon previous issuance of U.S. patent 11,154,521, covering pharmaceutical composition claims of ACER-001. Additionally, the China National Intellectual Property Administration issued Electronic Patent Certificate ZL202122004991.9, for Utility Model directed to ACER-001, covering dosage forms claims related to ACER-001's polymer coated formulation for oral administration as a potential treatment for UCDs and MSUD. With an expiration date of August 24, 2031, this patent is another important milestone, adding key protection to the growing intellectual portfolio for ACER-001 and marking an important step in our pursuit of possible future commercialization of this product in China.

In August 2022, Acer submitted an Investigational New Drug ("IND") application to the FDA to evaluate the safety and efficacy of ACER-001 for the potential treatment of Maple Syrup Urine Disease ("MSUD"). We anticipate clinical studies to begin in the fourth quarter of 2022 and expect that data from these studies would be suitable for product registration in the U.S. and Europe.

We also continue to make progress in our program targeting several pulmonary diseases. The inhaled formulation of RLF-100® is presently being studied in a European investigator sponsored trial for the prevention of Acute Respiratory Distress Syndrome ("ARDS") associated with COVID-19 (the "Leuppi Study"), which is at an advanced stage of recruitment, and we expect to report top-line data sometime during the last quarter of 2022, subject to completion of enrollment of eligible patients.

In August 2022, we announced promising three-month initial stability data on a new formulation of RLF-100®, which appears to be shelf-stable at temperatures suitable for shipping and long-term storage, thus, potentially having significant clinical and commercial value. As stated, we intend to develop RLF-100® for a range of lung diseases, also including pulmonary sarcoidosis, for which we received Orphan Drug Designation ("ODD") in August of 2020. During 2023, we intend to initiate a phase 2b dose-ranging study in 72 patients with pulmonary sarcoidosis using inhaled RLF-100® administered over a 12-week period, following which patients will have the option to participate in the extension phase. We are planning a pre-IND meeting with the FDA to confirm the efficacy and safety endpoints as well as the proposed dosing regimen and, based on a positive outcome, the trial is expected to begin during 2023.

Additionally, inhaled RLF-100® is under development for checkpoint inhibitor-induced pneumonitis ("CIP"), an indication in which we received a Swiss method-of-use patent for the inhaled formulation with protection into 2039. We also plan to test RLF-100® in non-COVID-19 related ARDS, with a particular focus on infectious ARDS. There are also plans to conduct proof-of-concept clinical studies of RLF-100® for the treatment of chronic berylliosis, an orphan lung disease for which there are no treatments approved and which is characterized by severe inflammation of the lungs, coughing, and increasing breathlessness (dyspnea). Finally, as most of you are aware, we have agreed to a tentative settlement with NRx regarding our collaboration agreement on aviptadil and have agreed to stay the litigation for the negotiation and execution of the definitive settlement agreement and related terms. These activities are ongoing, and we remain optimistic that we can come to an amicable resolution.

We continue the development of APR-TD011 for the treatment of epidermolysis bullosa ("EB"), a group of rare, genetic, life-threatening connective tissue disorders, for which we have received FDA Orphan Drug Designation ("ODD"). In a preliminary clinical trial, EB patients given APR-TD011 showed improvement in skin blistering and wound healing within just two weeks of treatment, and APR-TD011 was well-tolerated with a favorable safety profile. GMP-grade pharmaceutical product is being prepared for clinical development under an FDA-authorized IND, with a clinical trial slated to start in the second quarter of 2023.

I also want to highlight our collaboration agreement with InveniAI LLC, a company that has pioneered the application of artificial intelligence ("AI") and machine learning across biopharma and other industries, which we are leveraging in order to identify promising drug candidates to treat rare and specialty diseases. We believe that the addition of InveniAI's AI-powered capabilities will meaningfully complement our existing drug development expertise and accelerate expansion of our portfolio. It is well-recognized that AI is becoming an increasingly important tool in identifying and screening new drug candidates and Relief intends to fully leverage this promising technology, which could generate numerous promising additions to our pipeline.

Another of our key objectives is to develop potentially curative genetic medicines for devastating, as-yet-unaddressed, disease states, a goal complementary to our current focus on high unmet medical needs. In July 2022, we appointed Serene Forte, Ph.D., MPH, as Senior Vice President, Head of Genetic Medicine, an experienced leader in commercial and medical affairs with a focus on gene therapy for rare diseases, to spearhead our new genetic medicine initiative including evaluating prospective assets.

In addition to each of the above activities, our team is actively pursuing a strategy to diversify our pipeline and are continuously evaluating in-licensing and acquisition opportunities.

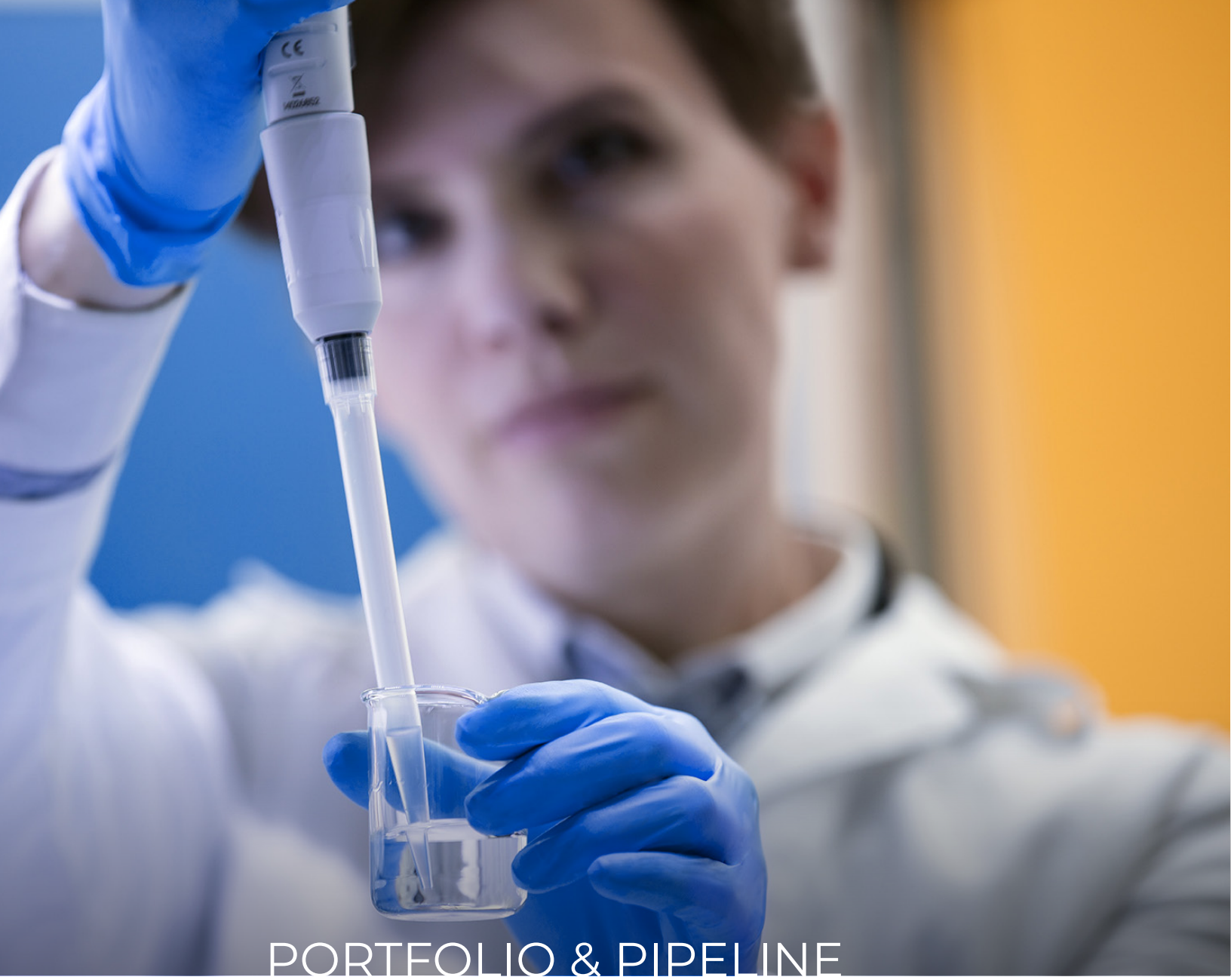
Last year, we launched a Level 1 ADR program in the U.S. and are aggressively moving to a Level 3 ADR and an associated Nasdaq Stock Market listing, which we expect to occur sometime in the fourth quarter of this year. To that end, on August 23, we filed an F-1 Registration Statement with the U.S. Securities and Exchange Commission, and we look forward to achieving this important goal.

We ended June of 2022 with a solid cash position of CHF 29.9 million, giving us a forecasted cash runway through the third quarter of 2023. We also expect that, with the launch of the PKU GOLIKE® franchise in the U.S. and a successful launch of ACER-001 in early 2023, Relief could achieve cash flow breakeven in late 2024 and positive operating cash flow in early 2025.

In closing, I would like to thank all our long-term shareholders, partners and collaborators for their continued support and trust in Relief's vision. At the same time, I would also like to welcome each of our new investors. It is truly an exciting time for Relief as we are on the cusp of two key product launches and our Nasdaq listing. We look forward to sharing updates on our progress.

Sincerely,

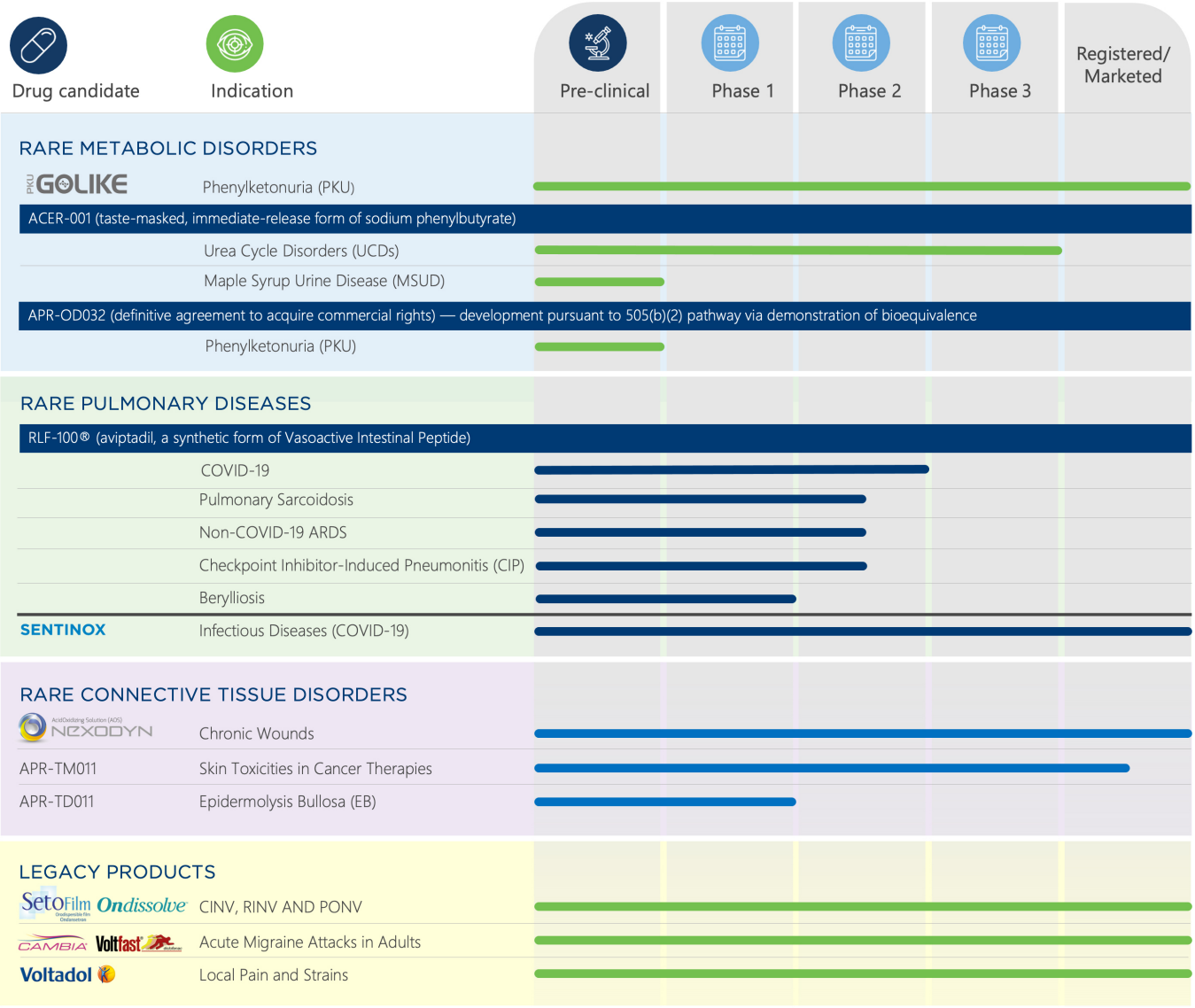
Raghuram Selvaraju, Ph.D., M.B.A.
Chairman of the Board of Directors



PORTFOLIO & PIPELINE

PORTFOLIO & PIPELINE

Relief's clinical development program currently focuses on pulmonary diseases and rare genetic, metabolic, and connective tissue disorders, with particular emphasis on conditions with dermatological manifestations. The diversified pipeline consists of differentiated assets that have the potential to effectively address significant unmet medical needs. In addition, the Company is commercializing several legacy products via licensing and distribution partners.



RARE METABOLIC DISORDERS

PKU GOLIKE®

PKU GOLIKE® is being commercialized for the dietary management of phenylketonuria ("PKU"), a rare inherited disorder affecting approximately 350'000 patients in the world's key markets. PKU is caused by a defect of the enzyme needed to break down phenylalanine, leading to a toxic buildup of phenylalanine from the consumption of foods containing protein or aspartame. Excessive levels of phenylalanine in the blood results in its accumulation in the brain, which hinders brain development and results in neurophysiological dysfunction. To avoid these serious consequences, people with PKU must comply with a strict diet that limits intake of phenylalanine from infancy onwards.

Patients with PKU require supplementation of amino acids formulated as foods for special medical purposes ("FSMP") to prevent protein deficiency. Currently available FSMPs lead to poor or suboptimal clinical outcomes and compliance because they are rapidly absorbed and are characterized by an unpleasant odor and aftertaste. Such factors contribute to barriers to social interaction for PKU patients, further limiting FSMP compliance and exposing patients to the risks of poor disease control.

PKU GOLIKE®, engineered with the patent protected, proprietary drug delivery technology named "Physiomimic," is the first prolonged-release amino acid mix product that (i) mimics the absorption profile of dietary proteins while (ii) offering effective taste and odor masking. With these characteristics, PKU GOLIKE® is a uniquely differentiated product, offering improved metabolic management and the opportunity for better compliance for PKU patients of all age groups.

PKU GOLIKE® is currently sold by a direct sales and marketing organization in Germany, Italy, Switzerland, and Austria, and is marketed in the UK, Spain and Portugal by local distributors. PKU GOLIKE® is a fully reimbursed treatment option for PKU patients and is considered a life-saving option for PKU patients.

Relief plans to expand the PKU GOLIKE® commercial infrastructure beyond the current countries to increase and accelerate future growth. This will be supported by newer formulations, such as fruit flavored protein bars. In addition, Relief is planning the launch of the PKU GOLIKE® family of products in the U.S., where it has fully assembled its commercial infrastructure and team. PKU GOLIKE® is slated to become commercially available in the U.S. in October of 2022.

The Company has received a Notice of Allowance from the U.S. Patent and Trademark Office ("USPTO") for Patent Application No. 15/303,121, which covers certain formulations of PKU GOLIKE® and supplements the PKU GOLIKE® intellectual property portfolio, which includes U.S. Patent No. 10,500,180. The patents will expire no earlier than September 27, 2036.

In the U.S., PKU GOLIKE® (code named APR-OD031) has been granted Orphan Drug Designation ("ODD") and is undergoing regulatory and clinical review to assess its potential to be a prescription product.

ACER-001

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

ACER-001 is a proprietary powder formulation of sodium phenylbutyrate ("NaPB"). The formulation is designed to be both taste-masked and immediate release. ACER-001 is being developed using a microencapsulation process for the treatment of various inborn errors of metabolism, including Urea Cycle Disorders ("UCDs") and Maple Syrup Urine Disease ("MSUD"). ACER-001 microparticles consist of a core center, a layer of active drug, and a taste-masking coating that quickly dissolves in the stomach to avoid a bitter taste while still allowing for rapid systemic absorption. ACER-001's taste-masked formulation is designed to improve the palatability of NaPB and could make it a compelling alternative to existing NaPB-based treatments, as the unpleasant taste associated with NaPB is cited as a major impediment to patient compliance with those treatments. Additionally, bioequivalence trials have shown ACER-001 to have similar relative bioavailability to BUPHENYL® under both fasted and fed conditions, along with significantly lower projected pricing compared to RAVICTI®*.

ACER-001 IN UCDs

UCDs are a group of disorders caused by genetic mutations that result in a deficiency in any one of the six enzymes that catalyze the urea cycle, which can lead to an excess accumulation of ammonia in the bloodstream, a condition known as hyperammonemia. Acute hyperammonemia can cause lethargy, somnolence, coma, and multi-organ failure. Chronic hyperammonemia can lead to headaches, confusion, lethargy, failure to thrive, behavioral changes and learning and cognitive deficits. Common symptoms of both acute and chronic hyperammonemia also include seizures and psychiatric symptoms.

The current treatment of UCDs consists of dietary management to limit ammonia production in conjunction with medications that provide alternative pathways for removing ammonia from the bloodstream. Some patients may also require individual branched-chain amino acid supplementation.

Current medical treatments for UCDs include nitrogen scavengers, RAVICTI® and BUPHENYL®, in which the active pharmaceutical ingredients are glycerol phenylbutyrate ("GPB") and NaPB, respectively. Their role is to provide an alternative way to excrete excessive nitrogen. According to a 2016 study by Shchelochkov et al., published in Molecular Genetics and Metabolism Reports, while nitrogen scavenging medications have been shown to be effective in helping to manage ammonia levels in some patients with UCDs, non-compliance with treatment is common. Reasons referenced for non-compliance associated with some available medications include unpleasant taste, the frequency with which medication must be taken, the number of pills, and the high cost of the medication.

The FDA has accepted for review Acer's New Drug Application ("NDA") resubmission under the 505(b)(2) pathway for ACER-001, for oral suspension, for the treatment of patients with UCDs. The FDA designated the NDA as a Class 2 resubmission and set a PDUFA target action date of January 15, 2023. Relief anticipates commercialization of ACER-001 for UCDs in the U.S. in the first half of 2023, pursuant to FDA approval in early 2023, after which Relief, in accordance with its collaboration agreement with Acer, intends to submit a Marketing Authorization Application for approval of ACER-001 for the treatment of UCDs in the UK and EU. There can be no assurance, however, that ACER-001 will be approved for commercialization in the UK or the EU.

ACER-001 IN MSUD

MSUD is a rare inherited disorder caused by defects in the mitochondrial branched-chain ketoacid dehydrogenase complex, which results in elevated blood levels of the branched-chain amino acids ("BCAA"), leucine, valine and isoleucine, as well as the associated branched-chain ketoacids ("BCKA") in a patient's blood. Left untreated, this can result in neurological damage, mental disability, coma, or death.

There are currently no approved pharmacologic therapies in the U.S. or the European Union for MSUD. Treatment of MSUD consists primarily of a severely restricted diet to limit the intake of BCAA, with aggressive medical interventions when blood levels of BCAA or BCKA become elevated.

NaPB is approved for people with UCDs to control their ammonia levels in conjunction with a restricted diet. People with UCDs who are treated with NaPB have been found to have a BCAA deficiency, despite adequate dietary protein intake. Based on this clinical observation, NaPB is being explored as a treatment to lower BCAA and their corresponding BCKA in patients with MSUD.

The FDA and EMA have granted Orphan Drug Designation for the MSUD indication.

Acer has also been issued several patents protecting the usage of and composition of ACER-001. The recent approval of U.S. patent 11,202,767 covers methods of use claims related to ACER-001's multi-particulate dosage formulation for oral administration for the potential treatment of UCDs and MSUD and supplements previous issuance of U.S. patent 11,154,521 which covers pharmaceutical composition claims of ACER-001. Both patents have an expiration date in 2036. In addition, the China National Intellectual Property Administration (CNIPA) has issued Electronic Patent Certificate ZL202122004991.9 for the Utility Model patent directed to ACER-001. Specifically, the patent covers dosage form claims related to ACER-001's polymer coated formulation for oral administration as a potential treatment for UCDs and MSUD. This patent has an expiration date of August 24, 2031 and provides protection for ACER-001 in the context of potential commercialization in the China market. Acer has submitted an Investigational New Drug ("IND") application to the FDA to evaluate the safety and efficacy of ACER-001 for the potential treatment of MSUD. Clinical studies are expected to begin in the fourth quarter of 2022. It is expected that the data from these studies would be suitable for product registration in the U.S. and Europe.

*RAVICTI® and BUPHENYL® are registered trademarks owned by or licensed to Horizon Therapeutics plc.

APR-OD032 IN PKU

In July 2022, APR entered into a definitive agreement with the UK-based company Meta Healthcare Ltd. ("Meta"). Pursuant to the agreement, the Company has acquired the worldwide rights, title, and interest, except in the UK, for a novel dosage form of a prescription drug already approved by the FDA and intended for the treatment of patients with PKU. This improved product is expected to increase patient acceptance and compliance as well as enable easier, self or caregiver administered metered dosing and dispensing. Meta shall transfer to Relief all data, know-how, as well as any intellectual property as developed or generated so far by Meta, related to APR-OD032. Relief shall only be responsible for independently performing and funding the remaining development activities without additional obligations to Meta, as well as for filing and obtaining a new drug application in all countries, worldwide, except for the UK, where Relief shall grant a license back to Meta, enabling Meta to market the product in such country. Other than the initial acquisition payment and low double-digit royalty payments on net profit of the product in the various countries, Relief shall be under no obligation to fund or pay any other amount to Meta.

Relief anticipates the filing of the 505(b)(2) NDA during 2023.

RARE PULMONARY DISEASES

RLF-100® (AVIPTADIL)

RLF-100® (aviptadil) is a synthetic form of Vasoactive Intestinal Peptide (VIP) consisting of 28 amino acids, which was first discovered in 1970. Although initially identified in the intestinal tract, human VIP is now known to be produced throughout the body and to be primarily concentrated in the lungs. Here, VIP has shown a multimodal mechanism of action: decrease of inflammatory cytokines release leading to prevention of cytokine storm syndrome and viral replication, immunomodulating effect, vasodilating and bronchodilating effects, and prevention of surfactant depletion. Seventy percent of VIP in the body is bound to a less common type of cell in the lung, the alveolar type 2 cell, which is critical to the absorption of oxygen into the body.

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

Relief recently announced promising three-month stability data on a new formulation of RLF-100® and is evaluating the opportunity to file for additional patent protection for RLF-100®.

A phase 2b/3 clinical study with intravenous RLF-100® in patients with COVID-19 induced acute respiratory distress syndrome ("ARDS") was completed in the U.S. by the parent company, NRx Pharmaceuticals, Inc. (Nasdaq: NRXP) ("NRx"), of Relief's clinical development partner for RLF-100®, NeuroRx, Inc. ("NeuroRx"), who has reported that the trial met the primary endpoint for successful recovery from respiratory failure at days 28 and 60 and revealed significant survival benefit after controlling for ventilation status and treatment site.

RLF-100® was also included in a National Institute of Health sponsored phase 3 ACTIV-3b/TESICO clinical trial in severely ill patients with COVID-19, which was discontinued for futility. Relief intends to obtain and review the data from the NIH-sponsored trial to better understand the results observed, up to and including the point at which the study was discontinued. While regulatory approval in COVID-19-induced ARDS has not been granted in the U.S., RLF-100® was approved in this indication in India by an unrelated company in early 2022, substantiating Relief's original hypothesis.

Inhaled RLF-100® is presently being studied in a European investigator sponsored trial for the prevention of ARDS associated with COVID-19 (the "Leuppi Study"), which is at an advanced stage of recruitment and slated to report top-line data later this year (subject to enrolment of eligible patients).

RLF-100® is under development in both inhaled and intravenous formulations for other acute and chronic lung diseases, including pulmonary sarcoidosis, for which it was granted an Orphan Drug Designation ("ODD") by the FDA.

An open-label proof-of-concept trial (Avisarco II) in 20 patients with pulmonary sarcoidosis demonstrated clinically significant suppression of inflammatory processes in the lung, as well as amelioration of dry cough and exertional dyspnea (shortness of breath). It was found that RLF-100® significantly restored immune tolerance by promoting regulatory T-lymphocytes, improved CD4/CD8 ratio and normalized TNF-α production. Improvements could also be seen in sarcoidosis-relevant biomarkers. RLF-100® showed excellent safety and compliance, indicating that the drug could potentially suppress sarcoidosis-associated cough with limited side effects. Relief has been granted an ODD by the FDA for the treatment of pulmonary sarcoidosis.

Relief intends to initiate a phase 2b dose-ranging study in 72 patients with pulmonary sarcoidosis using inhaled RLF-100® administered over a 12-week period, following which patients will have the option to participate in the extension phase. A pre-IND meeting with the FDA is planned to confirm the efficacy and safety endpoints as well as the proposed dosing regimen and, based on a positive outcome, the trial is expected to begin in 2023.

RLF-100® is under development in both inhaled and intravenous formulations for other acute and chronic lung diseases, including as a treatment for checkpoint inhibitor-induced pneumonitis ("CIP"), an indication in which Relief received a Swiss method-of-use patent protection related to the inhaled formulation of RLF-100® into at least 2039. RLF-100® will also be tested in treating non-COVID-19-related ARDS with a particular focus on infectious ARDS. There are also plans to conduct European proof-of-concept clinical development of RLF-100® in the treatment of chronic berylliosis, an orphan lung disease for which there are no treatments approved and which is characterized by severe inflammation of the lungs, persistent cough and increasing breathlessness (dyspnea).

SENTINOX

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

The Company is expected to start a confirmatory, controlled clinical trial in the prevention of viral and bacterial airborne infections in the fourth quarter of 2022.

RARE CONNECTIVE TISSUE DISORDERS

NEXODYN®

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

The three main features of Nexodyn® are: highly pure and stabilized hypochlorous acid (HClO >95% of free chlorine species), acidic pH (2.5 - 3.0), and high Reduction-Oxidation Potential (ORP 1.000 – 1.200 mV). The product is a self-administered sprayable solution with ancillary antimicrobial properties intended for use in the debridement, irrigation, cleansing and moistening of acute and chronic wounds (e.g., diabetic foot ulcers, pressure ulcers and vascular ulcers), post-surgical wounds, burns and other lesions. The product is certified in the EU as a Class III medical device and is certified as a 510(k) medical device in the U.S.

APR-TD011

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

APR-TD011 is a differentiated acid oxidizing solution of hypochlorous acid. The TEHCLO® proprietary technology, upon which the drug has been developed, allows for a sprayable solution that combines strong antimicrobial action with anti-inflammatory properties, thereby allowing for infection control, reduction of wound colonization, alleviation of pain and itching and improved wound healing. The spray formulation permits wound application while avoiding skin contact and cross-contamination. APR-TD011 could represent the first product specifically indicated for EB patients that provides a comprehensive solution to prevent or reduce wound colonization and infection. This, along with its anti-inflammatory action, could provide symptom relief and wound healing.

APR-TD011 has been granted Orphan Drug Designation by the FDA for the treatment of EB, which provides for a seven-year market exclusivity period in the U.S. Relief intends to seek Qualified Infectious Disease Product ("QIDP") status for APR-TD011 as well, which may confer up to an additional five years of market exclusivity regardless of patent protection status.

In a preliminary clinical trial, EB patients administered APR-TD011 demonstrated improvement in skin blistering and tissue repair within just two weeks of treatment, and the product candidate was shown to be well tolerated with a favorable safety profile. GMP grade product is being prepared for clinical development under an FDA-authorized IND, which is expected to start in the second quarter of 2023.

APR-TM011

APR-TM011 is currently approved in the EU as a Class III Medical Device for the treatment of skin lesions and toxicities induced by cancer treatments, including anti-Epidermal Growth Factor Receptors ("anti-EGFR") Monoclonal Antibodies, such as Cetuximab. The use of anti-EGFR inhibitors causes papulopustular manifestations due to their interference of epidermal growth factor receptor ("EGFR") signaling in the skin with a high risk of secondary infections. Following commercial assessment, the company is planning to conduct a follow-on clinical study for product approval in Europe as a Class III Medical Device beyond 2024, when the new EU device regulations will apply. This clinical study would be a multi-center, post-market, double-blinded, placebo-controlled trial to evaluate the efficacy, safety, and tolerability of APR TM-011 in the management of skin lesions and reactions resulting from anti-EGFR Monoclonal Antibodies and/or radiotherapy treatments in oncology patients.

LEGACY PRODUCTS

Legacy products were originally developed by APR and licensed for commercialization. The rights were acquired by Relief as part of the 2021 acquisition of APR.

SETOFILM/ONDISSOLVE

SETOFILM is the first prescription-only, orodispersable film ("ODF") medicine approved in Europe and Canada. The product is indicated for radiotherapy-induced nausea and vomiting ("RINV"), chemotherapy-induced nausea and vomiting ("CINV"), as well as post-operative-induced nausea and vomiting ("PONV") in both adults and children of 6 months of age or older. The product has been formulated and developed using the RapidFilm drug delivery technology in the form of a soluble film and is available in 4mg and 8mg doses. Once placed on the tongue, it dissolves in a few seconds and is swallowed with saliva, without the need for water. The convenience provided by the innovative ODF formulation reduces patient pill burden, enhances compliance, and avoids risks of suffocation in children.

The product is marketed in Europe by Norgine B.V. and in Canada by Takeda Pharmaceuticals, under license from APR.

CAMBIA

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

APR received a Notice of Allowance from the U.S. Patent and Trademark Office for Patent Application No. 16/713,052 entitled, "Ready to Use Diclofenac Packs" in January 2022, with an expiration date in 2039. CAMBIA is protected by a patent family owned by APR and listed in the FDA Orange Book having expiration in 2026; however, the Company is expecting first authorized generic entrance to start sometime in 2023.

VOLTADOL

Developed with APR's patented matrix patch technology, Voltadol is a topical, locally applied and locally acting patch containing and delivering diclofenac sodium, an off-patent, potent NSAID for the local treatment of painful, acute conditions such as muscle and joint strains. The product is marketed in various countries as an over-the-counter medicine by GlaxoSmithKline which recently spun-off the rights to Haleon.

RELIEF THERAPEUTICS HOLDING SA

Condensed consolidated interim financial statements
for the half-year ended June 30, 2022
(unaudited)

CONSOLIDATED INTERIM BALANCE SHEET

in CHF thousands	Notes	June 30, 2022	December 31, 2021
ASSETS			
Intangible assets	6	182'341	192'299
Right-of-use assets	7	2'391	2'498
Property and equipment		46	38
Other non-current assets	8	77	76
Deferred tax assets		1'989	1'737
Non-current assets		**186'844**	**196'648**
Inventories	9	243	391
Trade receivables		1'059	1'302
Other current assets	10	3'812	8'516
Cash and cash equivalents		29'871	44'761
Current assets		**34'985**	**54'970**
Total assets		**221'829**	**251'618**
EQUITY AND LIABILITIES			
Share capital	11	44'163	44'133
Reserves		215'747	210'147
Treasury shares		(2'235)	(2'999)
Accumulated losses		(96'251)	(69'751)
Equity		**161'424**	**181'530**
Non-current lease liabilities	7	2'057	2'192
Non-current borrowings	12	385	396
Defined benefit obligations		2'816	2'793
Provisions	13	18'519	19'470
Deferred tax liabilities		24'146	25'504
Non-current liabilities		**47'923**	**50'355**
Current lease liabilities	7	364	331
Current borrowings	12	17	95
Trade payables		1'553	1'700
Financial liabilities due to related parties	14	1'260	1'250
Provisions	13	7'001	12'083
Other current payables and liabilities	15	2'287	4'274
Current liabilities		**12'482**	**19'733**
Total equity and liabilities		**221'829**	**251'618**

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS

in CHF thousands	Notes	1.1. - 30.06.2022	1.1. - 30.06.2021
Revenue	5	3'242	-
Other gains	16	1'303	891
Total income		**4'545**	**891**
Raw materials and consumables expenses	17	(669)	-
External selling and distribution expenses	17	(465)	-
External research and development expenses	18	(10'637)	(8'307)
Personnel expenses	19	(5'767)	(3'439)
Other administrative expenses	20	(3'963)	(3'204)
Other losses	21	-	(458)
EBITDA		**(16'956)**	**(14'517)**
Impairment expense	6	(8'226)	-
Amortization and depreciation expense	22	(2'033)	-
Operating loss		**(27'215)**	**(14'517)**
Financial income	23	162	127
Financial expense	23	(1'056)	(277)
Net loss before taxes		**(28'109)**	**(14'667)**
Income taxes	24	1'609	(11)
Net loss for the period		**(26'500)**	**(14'678)**
OTHER COMPREHENSIVE INCOME			
Remeasurement of defined benefit obligation		-	-
Items that will not be reclassified to profit or loss		**-**	**-**
Currency translation differences		191	(4)
Items that may be reclassified to profit or loss		**191**	**(4)**
Other comprehensive result for the period, net of tax		**191**	**(4)**
Total comprehensive loss for the period		**(26'309)**	**(14'682)**
EARNINGS PER SHARE			
Basic and diluted loss per share (in CHF)	25	(0.006)	(0.004)

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

in CHF thousands	Notes	1.1. - 30.06.2022	1.1. - 30.06.2021
Net loss for the period		(26'500)	(14'678)
Adjustments for:			
Income tax (income)/expense		(1'609)	11
Impairment expense		8'303	399
Reversal of impairment loss on receivables		(453)	-
Depreciation expense		2'033	-
Gain on loan forgiveness		-	(892)
Financial expense		1'056	277
Financial income		(12)	(127)
Interest expenses paid		(166)	973
Income tax received/(paid)		-	(10)
Loss on disposal of other financial assets		-	54
Changes in defined benefit obligations		23	1'442
Gain on fair value adjustments of contingent milestone payments	13	(740)	-
Expenses recognised due to share-based payments		1'288	205
Changes in working capital:			
Decrease in inventories		147	-
Decrease in trade receivables		166	-
Decrease/(increase) in other assets and other receivables		4'498	(6'201)
(Decrease)/increase in trade payables		(146)	2'287
(Decrease)/increase in provisions		(622)	100
Increase in other payables and accrued liabilities		(1'997)	(1'581)
Cash flow used in operating activities		**(14'731)**	**(17'741)**
Payments for intangible assets		(107)	(13'695)
Payments for property, plant and equipment		(25)	-
Payments to acquire other financial assets		-	(2'178)
Proceeds from other financial assets		469	132
Milestone payments related to acquisition of subsidiary	13	(5'120)	-
Net cash out flow on acquisition of subsidiary		-	(15'836)
Finance income received		19	-
Cash flow used in investing activities		**(4'764)**	**(31'577)**
Proceeds from capital increase	11	60	10'165
Sale of treasury shares	11	4'933	19'770
Equity transaction costs		(78)	(1'155)
Repayment of lease liabilities		(178)	-
Repayment of borrowings		(75)	-
Cash flow from financing activities		**4'662**	**28'780**
Net decrease in cash and cash equivalents		**(14'833)**	**(20'538)**
Cash and cash equivalents at beginning of period		44'761	43'154
Effects of exchange rate changes on cash and cash equivalents		(57)	600
Cash and cash equivalents at end of period		**29'871**	**23'216**
included in cash and cash equivalents		29'871	17'911
included in restricted cash		-	5'305

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

in CHF thousands	Share capital	Reserves	Treasury shares	Accumulated loss	Total equity
Balance at January 1, 2021	**32'467**	**69'774**	**-**	**(35'198)**	**67'043**
Result for the period	-	-	-	(14'678)	(14'678)
Other comprehensive income for the period	-	(4)	-	-	(4)
Total comprehensive result for the period	**-**	**(4)**	**-**	**(14'678)**	**(14'682)**
Issuance of treasury shares	1'535	-	(1'535)	-	-
Capital increase	-	9'586	414	-	10'000
Direct Share Placement program	-	18'893	877	-	19'770
Transaction cost in relation to capital increases	-	(1'155)	-	-	(1'155)
Deferred share payment for APR acquisition	-	42'912	-	-	42'912
Exercise of stock options	95	70	-	-	165
Share-based compensation cost	-	-	-	205	205
Balance at June 30, 2021	**34'097**	**140'076**	**(244)**	**(49'671)**	**124'258**
Balance at January 1, 2022	**44'133**	**210'147**	**(2'999)**	**(69'751)**	**181'530**
Result for the period	-	-	-	(26'500)	(26'500)
Other comprehensive income for the period	-	191	-	-	191
Total comprehensive result for the period	**-**	**191**	**-**	**(26'500)**	**(26'309)**
Direct Share Placement program	-	4'169	764	-	4'933
Transaction cost in relation to capital increases	-	(78)	-	-	(78)
Exercise of stock options	30	30	-	-	60
Share-based compensation cost	-	1'288	-	-	1'288
Balance at June 30, 2022	**44'163**	**215'747**	**(2'235)**	**(96'251)**	**161'424**

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

1. General information

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

The Group focuses on 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 assets that serve unmet patient needs. On June 28, 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 ("R&D") capabilities. On July 27, 2021, the Group acquired AdVita Lifescience GmbH ("AdVita"). The acquisition further strengthened the Group's expertise and intellectual property rights around the inhaled formulation and delivery of aviptadil.

These condensed consolidated interim financial statements were approved for publication by the Board of Directors on September 14, 2022.

2. New and revised International Financial Reporting Standards (IFRS)

A number of new or amended standards became applicable for the annual period beginning on January 1, 2022. These standards did not have any significant impact on the Group’s accounting policies and did not require any retrospective adjustments.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should therefore be read in conjunction with the Group's last annual consolidated financial statements for the year ended December 31, 2021. They have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value, are presented in Swiss Francs (CHF), and all values are rounded to the nearest thousand (TCHF), except when otherwise indicated.

3.2 Significant accounting policies

The accounting policies used in the preparation and presentation of the condensed interim consolidated financial statements are consistent with those applied for the Group's last annual consolidated financial statements for the year ended December 31, 2021.

3.3 Interim measurement note

The business is not subject to any seasonality. Expenses largely depend on the phase of the respective projects, particularly with regard to external research and development expenditures.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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 period are described below.

4.1 Critical judgments in applying accounting policies

Critical judgments in applying accounting policies were the same as those applied to the consolidated financial statements for the year ended December 31, 2021.

4.2 Key sources of estimation uncertainty

Key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2021.

Going concern

These financial statements are prepared on a going concern basis. The Group maintains liquidity forecasts and monitors its ability to continue as a going concern. The viability of the Group is dependent on its ability to start generating recurring positive cash flows to adequately support its operations. The Group may never achieve sustainable profitability and is exposed to all the risks inherent in establishing a business. Since its inception, the Group has primarily relied on share issuances to finance its cash needs. The ability of the Group to raise financing and fund its long-term operations and intended development plans is uncertain. As of June 30, 2022, the Company and its subsidiaries had CHF 29.9 million cash on hand, which, based on liquidity forecasts and current development plans, is expected to cover cash needs for operating expenses and certain milestone payments until the third quarter of 2023. If the Group is unable to raise additional funds, it may be unable to continue its operations, realize its assets and discharge its liabilities. Relief's management is confident in the Company’s ability to raise funds and continue as a going concern.

5. Segment information

5.1 Description of segment

Relief 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.

5.2 Information on revenue

The Group generates revenue from out-licensing transactions and sales of products. The primary source of revenue is derived from the portfolio of marketed products acquired in the business combination with APR at the end of June 2021. The Group did not recognize any revenue from sales in the comparative period from January 1 to June 30, 2021. 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. The disaggregation of the Group's net sales is presented in the following table:

TCHF	01.01.-30.06.2022	01.01.-30.06.2021
Revenue streams		
Royalties	1'246	-
Product sales	1'369	-
License fees, up-front fees and milestones	211	-
Revenue from research & development services	416	-
Total revenue	**3'242**	**-**
Geographical area		
Switzerland	639	-
Europe (excluding Switzerland)	1'609	-
North America	630	-
Rest of the world	364	-
Total revenue	**3'242**	**-**
Timing of revenue recognition		
Point in time	3'242	-
Over time	-	-
Total revenue	**3'242**	**-**

5.3 Geographical location of non-current assets

TCHF	June 30, 2022	December 31, 2021
Switzerland	184'628	194'935
Rest of the world	150	183
Total non-current assets *	**184'778**	**195'118**

* Without financial assets and deferred tax assets

6. Intangible assets

TCHF	Technologies, patents and trademarks	Licenses	In-process research and development	Goodwill	Total
Historical cost					
January 1, 2021	**-**	**-**	**30'800**	**-**	**30'800**
Addition	-	13'729	-	-	**13'729**
Business combination	39'357	-	101'595	8'658	**149'610**
December 31, 2021	**39'357**	**13'729**	**132'395**	**8'658**	**194'139**
Addition	107	-	-	-	**107**
June 30, 2022	**39'464**	**13'729**	**132'395**	**8'658**	**194'246**
Accumulated amortization and impairment					
January 1, 2021	**-**	**-**	**-**	**-**	**-**
Amortization	(1'840)	-	-	-	**(1'840)**
December 31, 2021	**(1'840)**	**-**	**-**	**-**	**(1'840)**
Amortization	(1'840)	-	-	-	**(1'840)**
Impairment	(6'198)	-	(388)	(1'640)	**(8'226)**
June 30, 2022	**(9'877)**	**-**	**(388)**	**(1'640)**	**(11'905)**
Carrying amount					
at December 31, 2021	37'517	13'729	132'395	8'658	**192'299**
at June 30, 2022	**29'587**	**13'729**	**132'007**	**7'018**	**182'341**

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.

For consistency and clarity, in consideration of the increased number of assets held by Relief, the presentation of intangible assets was reorganized by class for these interim consolidated financial statements. The intangible assets acquired through the business combination with APR, previously presented distinctly as the "APR product portfolio," were allocated among intangible assets classes according to their nature and use. The revised presentation is consistent with management's view of Relief's products portfolio.

6.1 Technologies, patents and trademarks

These intangible assets mainly relate to the following on-market products that were 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, a product line indicated for the treatment of inflammatory conditions and pain management. The active ingredient diclofenac is combined with Relief's proprietary technologies in products with immediate release formulation, or in the form of a topical patch. 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 3 to 15 years with a weighted average of 13.4 years as of June 30, 2022. Amortization is charged on a straight-line basis over the estimated economic or legal useful life, whichever is shorter.

In the current period, TCHF 107 directly attributable expenses for product development in relation with PKU Golike were capitalized.

6.2 Licenses

The intangible asset is the acquisition cost of licensing and royalty rights under the collaboration and license agreement with Acer Therapeutics, Inc. ("Acer"). The agreement provides for the development, regulatory approval and worldwide commercialization of ACER-001 by Relief and Acer. ACER-001 is a proprietary taste masked formulation of sodium phenylbutyrate with the potential for application in the treatment of Urea Cycle Disorders and Maple Syrup Urine Disease, both genetic metabolic diseases.

Acer will retain development and commercialization rights in the U.S., Canada, Brazil, Turkey, and Japan. The companies will split net profits from Acer's territories 60%:40% in favor of Relief. In addition, Relief has licensed the rights for the rest of the world, where Acer will receive from Relief a 15% royalty on net revenues from ACER-001 in Relief's territories.

6.3 In-process research and development ("IPR&D")

IPR&D assets mainly relate to the following programs:

- RLF-100®, a medicinal product candidate under development in inhaled and intravenous formulations 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-100 is currently in clinical development for acute respiratory distress syndrome ("ARDS") associated with COVID-19. Relief also plans to develop RLF-100 for the treatment of pulmonary sarcoidosis, non-COVID-19-related ARDS, checkpoint inhibitor-induced pneumonitis, and chronic berylliosis.
- APR-TD011, a phase 2 clinical-stage drug candidate for the management of wounds in patients with epidermolysis bullosa. Manufactured using the Group's TEHCLO® proprietary technology, APR-TD011 is a differentiated acid oxidizing solution of hypochlorous acid with a strong 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.
- Sentinox™, a near-to-market product for the reduction of upper respiratory infections caused by both bacteria and viruses. It was certified as a class III medical device in Europe in 2021 and is undergoing late-stage clinical studies prior to market launch.

IPR&D assets and the ACER-001 license are considered to be indefinite-life intangible assets until completion or abandonment of the associated research and development program. Amortization will commence when the assets become available for use, generally once regulatory and marketing approvals are obtained.

6.4 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 and corresponds to the difference between the consideration transferred and the fair value of assets, liabilities and contingent liabilities identified in the purchase price allocation.

Goodwill was attributable to APR's established organization, history of successful partnerships and developments, and expected synergies with the Group's development and intended commercialization of aviptadil and ACER-001. The combination of Relief and APR resulted in a fully integrated commercial-stage biopharmaceutical group with improved internal capabilities to lead the clinical and regulatory development and commercialization of the Group's existing and future products. Synergies were expected through several of Relief's and APR's pre-existing activities. The Group had identified that the group of cash-generating units ("CGUs") constituting the sole operating segment (note 5.1) was expected to benefit from the combination. Accordingly, goodwill is allocated to this group of CGUs. Goodwill is monitored by management at the level of the operating segment.

6.5 Impairment test

The Group generally tests its intangible assets for impairment at the end of the year. The Group considers the relationship between its market capitalization and its equity book value, among other factors, when reviewing for indication of impairment. As of June 30, 2022, Relief's market capitalization of CHF 138 million was below its equity book value, indicating a potential impairment of Relief's assets. In addition, the Group identified certain unfavorable events and changes in circumstances commented hereafter that could negatively affect the recoverable value of its assets. Consequently, the Group carried out an impairment test of its intangible assets and goodwill as of June 30, 2022, and reviewed assumptions underlying estimated future cash flows.

In relation with the IPR&D asset associated with RLF-100, the Group noted that its collaboration partner in the U.S., NeuroRx, was denied an Emergency Use Authorization application by the U.S. Food and Drug Administration for aviptadil in patients with critical COVID-19. Further, two clinical studies with aviptadil were discontinued for non-efficacy in the treatment critical COVID-19. Nevertheless, RLF-100 remains a promising drug candidate to prevent and resolve respiratory complications provided that the active drug is correctly delivered to the target tissues at an adequate dose. Regulatory approval in COVID-19-induced ARDS has not been granted in the U.S. but aviptadil was approved in this indication in India for an unrelated pharmaceutical company in early 2022, thereby substantiating Relief's hypothesis that RLF-100 remains a viable treatment for COVID-19 related ARDS. The Group has reassessed its development plan for RLF-100 and remains committed to develop it in the treatment of mild and severe COVID-19, pulmonary sarcoidosis, non-COVID-19-related ARDS, checkpoint inhibitor-induced pneumonitis, and chronic berylliosis. RLF-100 is presently being studied in an EU investigator-sponsored trial for the prevention of ARDS associated with COVID-19 and the Group is actively preparing the initiation of clinical studies in other indications. After performing an impairment test, the Group concluded the asset was not impaired.

For the purpose of impairment testing, goodwill was allocated to the group of CGUs constituting the sole operating segment of the Group (note 5.1). 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 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 cashflows as of June 30, 2022.

Key assumptions used in value in use calculations

The estimation of recoverable amounts involves significant management judgment. The values assigned to each assumption 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 that includes net sales, cost of sales, and development cost projections, which are periodically updated and reviewed by management.
- Revenue forecasts considered the relevant market sizes, disease prevalence, expected market share, expected patent life, and expected year of obtention of market approval where applicable.
- Forecast periods were defined on a product basis and based on the product life cycle. For in-process projects, cash flows were projected for each CGU over a period of up to 12 years, reflecting the length of the development and subsequent commercialization period. For on-market products, cash flows were projected over a period of five years. 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. No terminal value was considered.
- Probabilities of success for in-process projects to reach final development and commercialization ranged from 15% to 80%. Probabilities were based on empirical success rate analysis of multi-stage studies for comparable indications.
- Pre-tax discount rate was 16.54% based on the assumed cost of capital for the Group (December 31, 2021: 17%).

Impairment test conclusion

For the six-month period ended June 30, 2022, the Group recognized a total of TCHF 8'226 of impairment charge to partially write down the carrying value of intangible assets associated with PKU Golike, Sentinox and certain other products. The impairment charge was recorded in the comprehensive statement of loss under the heading 'Impairment expense'.

As Relief advances towards direct commercialization of PKU Golike in the U.S. and expands its sales operations in Europe and in the rest of the world, assumptions underlying expected future cash flows were updated in the third quarter of 2022. Changes in pricing scenario, costs of launch in new addressable markets, and general and administrative costs allocated to PKU Golike, resulted in a reduction of estimated future net cash flows from the asset. Based on the analysis, an impairment charge of TCHF 5'856 was recognized in the current period against the intangible asset associated with PKU Golike with a carrying amount of TCHF 23'479 as of June 30, 2022. In addition, goodwill allocated to PKU Golike was entirely impaired.

The Group also revised its development plan for Sentinox program resulting in a one-year delay in the estimated launch date. This resulted in an impairment charge of TCHF 388 in the current period against the IPR&D asset associated with Sentinox with a carrying amount of TCHF 3'099 as of June 30, 2022. In addition, goodwill allocated to Sentinox was entirely impaired.

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 Company did not record an impairment charge on these other assets for the six-month period ended June 30, 2022.

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. Main assumptions tested for changes were a higher discount rate and lower gross margins, as well as, with regards to in-process projects, postponed market launch date and lower probability of success.

If all other assumptions were held constant, an increase of the pre-tax discount rate by 143 basis points, a reduction of expected gross margin during commercialization phase by 10 percent, a reduction of the probability of success by 500 basis point, or a market launch date postponed by one year would result in an impairment of the IPR&D asset related to APR-TD011. Under the base case scenario, the estimated recoverable amount exceeded the carrying amount of the asset by TCHF 6'613.

If all other assumptions were held constant, a reduction of the expected gross margin by 10 percent would result in an impairment of the intangible asset related to Diclofenac. No reasonably possible change of discount rate would result in an impairment. Under the base case scenario, the estimated recoverable amount exceeded the carrying amount of the asset by TCHF 669.

For other intangible assets and goodwill, the Group concluded that no reasonable possible change of key assumptions on which the calculation of the recoverable amount is based would cause the carrying amount of the relevant group of CGUs to exceed its recoverable amount. While management believes the assumptions used were reasonable, changes in assumptions, including changes to or abandonment of development programs, could result in a future material impairment.

7. Leases

7.1 Right-of-use assets

TCHF	Building	Equipment	Total
Historical cost			
January 1, 2021	-	-	-
Business combination	2'548	151	**2'699**
Disposal	-	(11)	**(11)**
Foreign exchange difference	(10)	(1)	**(11)**
December 31, 2021	**2'538**	**139**	**2'677**
Addition	-	82	**82**
Foreign exchange difference	(5)	(1)	**(7)**
June 30, 2022	**2'533**	**220**	**2'752**
Accumulated depreciation			
January 1, 2021	-	-	-
Depreciation	(147)	(33)	**(180)**
Foreign exchange difference	-	1	**1**
December 31, 2021	**(147)**	**(32)**	**(179)**
Depreciation	(147)	(36)	**(183)**
Foreign exchange difference	1	0	**1**
June 30, 2022	**(293)**	**(68)**	**(361)**
Carrying amount			
at December 31, 2021	2'391	107	2'498
at June 30, 2022	**2'239**	**152**	**2'391**

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

7.2 Maturity of lease liabilities

TCHF	June 30, 2022	December 31, 2021
< 1 year	364	331
1-5 years	1'153	1'161
> 5 years	904	1'031
Total	**2'421**	**2'523**

8. Non-current financial assets

In 2020, the Group had provided a loan of TUSD 500 (TCHF 488) to NeuroRx for the development of RLF-100 as part of the collaboration agreement. The loan was repaid in April 2022 pursuant to its terms. The impairment allowance, which was recognized in prior periods, was reversed. The resulting gain of TCHF 488 is recognized within 'other gains' for TCHF 453 and within 'financial income' for TCHF 35 in the statement of comprehensive loss.

9. Inventories

TCHF	June 30, 2022	December 31, 2021
Raw material	2'793	2'742
Finished goods	144	366
Gross inventories	2'937	3'108
Valuation allowance	(2'694)	(2'717)
Total	**243**	**391**

As of the reporting date, the Company's inventory is mainly constituted by aviptadil active ingredient valued at acquisition cost of TCHF 2'694. As the aviptadil was manufactured prior to obtaining regulatory approval, the inventory is fully impaired. Remaining inventory consists mainly of active pharmaceutical ingredients and finished products for market supply.

10. Other current assets

TCHF	June 30, 2022	December 31, 2021
Prepaid expenses	1'320	6'422
Accrued revenue	1'024	313
VAT receivable	164	115
Deposits with others	28	28
Indemnification asset (note 13)	-	622
Other current receivables	1'276	1'016
Total	**3'812**	**8'516**

11. Share capital

	Number of shares		
	Common shares	Treasury shares	Total
Balance at January 1, 2021	**3'246'727'248**	**-**	**3'246'727'248**
Issuance of treasury shares	1'153'502'908	(1'153'502'908)	-
Direct Share Placement program	-	398'219'762	398'219'762
Private placements	-	112'887'942	112'887'942
Acquisition payments	-	342'527'847	342'527'847
Exercises of options	13'104'461	-	13'104'461
Balance at December 31, 2021	**4'413'334'617**	**(299'867'357)**	**4'113'467'260**
Balance at January 1, 2022	**4'413'334'617**	**(299'867'357)**	**4'113'467'260**
Direct Share Placement program	-	76'373'525	76'373'525
Exercises of options	3'000'000	-	3'000'000
Balance at June 30, 2022	**4'416'334'617**	**(223'493'832)**	**4'192'840'785**

11.1 Issued share capital

As of June 30, 2022, the share capital consisted of 4'416'334'617 issued shares with a par value of CHF 0.01 each. The Company has issued a total of 3'000'000 shares during the reporting period and reduced its treasury holdings by 76'373'525 shares to 223'493'832 shares as of June 30, 2022.

During the first semester of 2022, the following capital increase transactions provided the Group with cumulated proceeds of TCHF 4'993 before deducting transaction costs of TCHF 78.

- Direct Share Placement program: sale of 76'373'525 shares at an average price per share of CHF 0.0646, for total gross proceeds of TCHF 4'933.
- Exercises of options: issuance upon exercise of 3'000'000 shares at CHF 0.02 per share, resulting in gross proceeds of TCHF 60.

11.2 Authorized share capital

As of June 30, 2022, the Company had an authorized nominal share capital of TCHF 2'200, consisting of 2'200'000'000 shares with a par value of CHF 0.01 each, which the Board of Directors is authorized to issue at any time until May 30, 2024.

11.3 Conditional share capital

The conditional share capital of the Company as of June 30, 2022, was TCHF 16'718, consisting of 1'671'769'814 shares with a par value of CHF 0.01 each, of which 108'769'814 shares to be used for stock options for members of the Board of Directors, Executive Committee, employees and consultants, as well as 1'563'000'000 shares to be used for the exercise of option rights granted in connection with bonds, notes or similar financial instruments issued by the Company.

As of June 30, 2022, there were 69'663'197 outstanding options. During the reporting period, 4'200'000 options were granted, 3'000'000 were exercised, and 187'500 options were forfeited.

12. Borrowings

TCHF	June 30, 2022		December 31, 2021	
	Non-current	Current	Non-current	Current
Bank loans	385	17	396	28
Other financial liability	-	-	-	67
Total	**385**	**17**	**396**	**95**

Bank loans

As of June 30, 2022, a bank loan of TCHF 377 was owed to a German bank. The loan has an interest of 2.7% per annum and is granted until December 30, 2023, with an extension option. Monthly installments due in the next 12 months are classified as current for TCHF 14.

Another loan of TCHF 25 does not bear interest and is repaid in monthly installments until 2026. TCHF 3 is classified as current.

Other financial liability

The third-party loan outstanding on December 31, 2021, was fully repaid in the six-month period ended June 30, 2022.

13. Provisions

TCHF	Contingent liabilities (i)	Legal and regulatory (ii)	Total
At the beginning of the period	**30'831**	**722**	**31'553**
Reversal of provision	-	(622)	(622)
Payment upon reaching milestone	(5'120)	-	(5'120)
Unwinding of present value discount	676	-	676
Decrease due to assumption adjustments	(740)	-	(740)
Foreign exchange difference	(227)	-	(227)
At the end of the period	**25'420**	**100**	**25'520**
thereof current	6'901	100	7'001
thereof non-current	18'519	-	18'519

(i) Contingent liabilities

The Group has recognized contingent settlement provisions of TCHF 25’420 for the probability-weighted present value of payments, as of June 30, 2022, that may become due to the former shareholders of APR and AdVita upon completion of pre-agreed milestones. Based on estimated possible due dates of milestone payments, the liability has been classified as current for TCHF 6'901 and as non-current for TCHF 18'519.

In April 2022, AdVita was issued a patent entitled, "Vasoactive Intestinal Peptide for the use in the treatment of drug-induced pneumonitis." The issuance of this patent for the inhaled formulation of aviptadil triggered a milestone payment of EUR 5 million (TCHF 5'120) from Relief to the former shareholders of AdVita.

(ii) Legal and regulatory proceedings

On June 10, 2021, SIX Exchange Regulation AG initiated an investigation against the Company due to a potential violation of the rules on ad-hoc publicity. As part of the investigation, SIX Exchange Regulation AG is examining whether there has been an actual violation of the regulations. The provision of TCHF 100 reflects management's best estimate of the most likely outcome and is subject to uncertainty. It is expected to be paid within the next 12 months and is therefore classified as current.

As of December 31, 2021, a subsidiary of the Group was party to a legal proceeding for the payment to a third party of TCHF 622. The claim was acquired in a business combination in 2021 and was entirely provisioned as of December 31, 2021. An indemnification asset of the same amount was recorded on the balance sheet as of December 31, 2021 (note 10). In 2022, the claim was settled between the parties at no cost for the Group and the legal procedure was closed. The provision and the indemnification asset were derecognized from the balance sheet.

14. Financial 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 ("SSF") in the amount of up to CHF 50 million until January 20, 2024. The Company did not draw on the SSF, to date.

The Company agreed to pay GEM a commitment fee (the "Fee") of TCHF 1'250 plus accrued interest. As of June 30, 2022, the Fee is payable on demand and bears 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 23) over the SSF commitment period of three years ending January 20, 2024.

15. Other current payables and liabilities

TCHF	June 30, 2022	December 31, 2021
Accrued expenses	1'160	2'143
Payable to social security institutions	395	720
Withholding tax liability for personnel	81	853
Stamp duty and capital tax liabilities	303	486
Other current liabilities	348	72
Total	**2'287**	**4'274**

16. Other gains

TCHF	01.01.-30.06.2022	01.01-30.06.2021
Gain from adjustments in fair value of contingent liabilities (note 13)	740	-
Gain from reversal of impairment on financial assets (note 8)	453	-
Write-off of liabilities due to a former subsidiary	-	891
Income from sublease agreements	47	-
Various others	63	-
Total other gains	**1'303**	**891**

17. Cost of sales

Expenses incurred with third parties in relation with 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 expense'. Expenses incurred with third parties in relation with advertising, marketing, sales promotion, shipping, distribution and commission on sales, are classified in 'external selling and distribution expense'.

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

18. 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, product manufacturing expenses, license fees, and investigator-sponsored trials, including licensing fees and milestone payments charged by licensors or collaboration partners.

In the first semester of 2022, external research and development expenses primarily related to development expenses incurred by Acer under the license and collaboration agreement and to the clinical development of aviptadil, including CMC development. The Group capitalized TCHF 107 in directly attributable expenses for product development.

19. Personnel expenses

TCHF	01.01.-30.06.2022	01.01-30.06.2021
Salaries and social security expense	4'277	1'133
Independent contractors fees	178	784
Share-based payment expense	1'288	205
Social security expense in relation to share-based payments	-	(125)
Service cost for other benefit obligations	24	1'442
Total personnel expenses	**5'767**	**3'439**

Personnel expenses increased mainly as a result of the addition of APR's and AdVita's personnel to the Group's workforce in July 2021, the establishment of a U.S. sales force, and the growth of operations.

20. Other administrative expenses

TCHF	01.01.-30.06.2022	01.01-30.06.2021
Professional services	3'306	2'955
Capital tax	115	139
Other administrative expenses	542	110
Total other administrative expenses	**3'963**	**3'204**

Professional services include expenses incurred in relation with legal and tax advisory, consulting, corporate communication, accounting and audit. Other administrative expense comprises IT, leases and various other expenses. The increase in 2022 was primarily attributable to the expanded activities of the Group with the addition of APR and AdVita, as well as to legal and consulting service needs to support the operations and development plans of the Group.

21. Other losses

TCHF	01.01.-30.06.2022	01.01-30.06.2021
Impairment losses on loans to third parties (note 8)	-	392
Losses on financial assets at fair value through profit or loss	-	54
Various others	-	12
Total other losses	**-**	**458**

22. Amortization and depreciation expense

TCHF	01.01-30.06.2022	01.01-30.06.2021
Amortization of intangible assets	1'840	-
Depreciation of rights-of-use assets	183	-
Depreciation of property and equipment	10	-
Total amortization and depreciation expense	**2'033**	**-**

23. Financial income and expense

TCHF	01.01-30.06.2022	01.01-30.06.2021
Interest income	12	63
Foreign exchange gain, net	150	64
Total financial income	**162**	**127**
Unwinding of discount on long-term provisions (note 13)	(676)	-
Negative interest on cash deposits	(92)	(61)
Bank charges	(16)	(32)
SSF commitment fee (note 14)	(205)	(184)
Write-off of financial assets	(39)	-
Interest expense related to leases	(13)	-
Other finance expense	(15)	-
Total financial expense	**(1'056)**	**(277)**

24. Income taxes

The income tax gain of TCHF 1'609 is primarily related to a reduction in deferred tax liabilities resulting from amortization and impairment expenses recognized against intangible assets.

25. Earnings per share

	01.01-30.06.2022	01.01-30.06.2021
Loss attributable to shareholders (in TCHF)	(26'500)	(14'678)
Weighted average number of shares	4'155'498'985	3'335'497'687
Total basic and diluted loss per share (in CHF)	**(0.006)**	**(0.004)**

Basic and diluted result per share is calculated by dividing the net result attributable to the shareholders of the parent company by the weighted average of shares outstanding during the period. In 2022 and 2021, the number of shares outstanding varied as a result of different transactions on the share capital structure of the Company (note 11).

Outstanding options have not been considered in the calculation of the diluted loss per share as their effect is anti-dilutive.

26. Related party transactions

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

As of June 30, 2022, the liability of TCHF 1'260 (December 31, 2021: TCHF 1’250) due to the shareholder GEM (note 14) was the only material related party balance. In the reporting period, the Group did not draw from the SSF.

27. Non-cash transactions

In the first semester of 2022, the Group entered into the following significant non-cash investing or financing transactions which are not reflected in the consolidated interim statement of cash flow:

- In April 2022, addition of new leasing contracts for equipment totaling TCHF 82.

For the comparative period, the Group reported the following non-cash transactions:

- In January 2021, recognition of the SSF commitment fee as a financial liability. In March 2021, payment of USD 14 million for the ACER-001 license, partially settled by offsetting a loan of USD 4 million previously granted to Acer in January 2021. In June 2021, acquisition of APR partially financed through a payment in shares.

28. Contingent liabilities

28.1 License and collaboration agreement with Acer

Under the license and collaboration agreement with Acer, the Group has committed to make remaining milestone payments of up to USD 6 million (CHF 5.7 million) in cash upon obtention of European marketing approvals of ACER-001 for Urea Cycle Disorders and Maple Syrup Urine Disease. Further, Relief has agreed to pay royalties of 15% on future net revenue from ACER-001 in Relief's territories.

28.2 Business combination with APR

The acquisition contract of APR contains contingent milestone payments in the aggregate maximum amount of up to CHF 35 million payable in a combination of cash and Relief common registered shares, upon achievement of pre-agreed objectives. A provision of CHF 20.4 million was recognized to account for the probability-weighted present value of these possible future payments (note 13).

28.3 Business combination with AdVita

The acquisition contract of AdVita contains remaining contingent milestone payments in the aggregate maximum amount of up to EUR 15 million (CHF 15 million) in cash, upon achievement of pre-agreed objectives. As of June 30, 2022, a provision of CHF 5.0 million was recognized to account for the probability-weighted present value of these possible future payments (note 13).

28.4 NeuroRx claim

In October 2021, Relief filed a lawsuit against NeuroRx for multiple breaches by NeuroRx of the collaboration agreement relating to the development and commercialization of RLF-100. In January 2022, NeuroRx filed a distinct lawsuit against Relief. Among other claims, NeuroRx claims Relief has not paid USD 13.8 million (CHF 13.2 million) for costs associated with clinical and formulation development of aviptadil in the U.S. and claims damages in excess of USD 185 million (CHF 176.6 million).

Relief believes that it has previously paid NeuroRx all that it is obligated to pay under the collaboration agreement and that it will prevail before the court. Since the entire amount claimed by NeuroRx is in dispute, no provision for any liability has been recognized as of June 30, 2022. The amount due to NeuroRx, if any, will depend on the resolution of the ongoing litigation, and there can be no assurance as to the amount, if any, that the Company might ultimately be obligated to pay to NeuroRx.

On August 22, 2022, the parties reached a tentative settlement and agreed to work collaboratively to finalize the settlement within the next 30 days and have stayed their pending litigation for an additional 60 days to allow for the negotiation and execution of definitive settlement documents. There can be no assurance that the tentative settlement will be successfully completed.

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

29. Events after the reporting period

29.1 Asset acquisition

On July 11, 2022, the Group executed a definitive agreement with Meta Healthcare Ltd. ("Meta"), acquiring the worldwide rights, except for the United Kingdom, for 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. Under the terms of the agreement, Relief issued an upfront payment to Meta of TGBP 270 (TCHF 313) in July 2022 to acquire the asset. Relief will issue additional payments of TGBP 330 (TCHF 383) contingent to pre-specified development milestones. Half of the total acquisition payments of TGBP 600 (TCHF 696) will be considered as an advance payment on future royalties owed by Relief. Subject to the non-occurrence of certain conditions, these payments are non-refundable. Relief committed to pay Meta royalties on net profit of a low double-digit percentage.

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.

RELIEF THERAPEUTICS HOLDING SA

Management's discussion and analysis of
financial condition and results of operations

The following discussion and analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2022, which were prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our consolidated financial statements 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 discussion contains forward-looking statements regarding our business and financial performance based on current expectations that involve risks, uncertainties, and assumptions. Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors.

Overview

We are a Swiss, commercial-stage biopharmaceutical company identifying, developing, and commercializing novel, patent protected products in selected specialty, rare and ultra-rare disease areas on a global basis. We currently focus on three therapeutic areas where we can best leverage our internal know-how and assets: Rare Metabolic Disorders, Rare Skin Diseases and Rare Respiratory Diseases.

We leverage our internal R&D laboratories and track record in drug delivery systems and technologies to identify and take to market reformulated and/or repurposed drugs with a history of proven human safety and efficacy using a lean and capital efficient organization where all key strategic functions are internalized, combined with an optimized network of outsourced service providers for various development activities. We are developing a direct commercial footprint in the U.S. and have a direct commercial footprint in Europe, coupled with a strong network of commercial partners in other major territories.

Our products are intended for patients and care givers dealing with specialty, rare and ultra-rare debilitating diseases, by offering them novel treatment options engineered with patented drug delivery systems or repurposed and optimized drugs, to help them live their best possible lives and achieve their full potential. Our diversified portfolio comprises a rare disease product that is commercialized in Europe and that we plan to launch in the U.S. in early fourth quarter of this year, as well as a pipeline of products at various stages of development and focused on rare and specialty diseases in selected therapeutic areas. In addition, the Company is commercializing several legacy products via licensing and distribution partners. A description of our portfolio is provided in the Portfolio & Pipeline section of our 2022 interim report.

We are actively pursuing a strategy to diversify our portfolio and are continuously evaluating in-licensing and partnering opportunities. To bring assets to the market as quickly as possible, we are seeking partnerships with, or acquisitions of, companies that have late-stage clinical molecules with a strong human safety profile, allowing for relatively short, capital-efficient clinical trials with clear endpoints. Our focus on rare diseases with significant unmet medical need allows us to maintain a lean organization, with a strong, experienced leadership able to deliver growth by effectively managing partnerships and efficiently allocating capital across the portfolio.

Collaboration and license agreement with Acer Therapeutics, Inc.

In March 2021, we entered into a collaboration and license agreement with Acer Therapeutics, Inc. ("Acer") for the worldwide development and commercialization of ACER-001 for the treatment of Urea Cycle Disorders ("UCDs") and Maple Syrup Urine Disease ("MSUD"). Under the terms of the agreement, Acer has received a total of USD 35 million cash payments from Relief to date, which completes our U.S financial commitment to Acer. Acer may also receive a total of USD 6 million in development milestone payments following the first European marketing approvals for UCDs and MSUD. Acer retains development and commercialization rights in the U.S., Canada, Brazil, Turkey, and Japan. Net profits from Acer's territories will be split 60%:40% in our favor. In addition, we licensed the rights for the rest of the world, where Acer will receive a 15% royalty on all revenues received in Relief's territories.

Collaboration agreement with InveniAI LLC

In November 2021, we entered into a collaboration agreement with InveniAI LLC ("InveniAI"), a U.S. based company that has pioneered the application of artificial intelligence and machine learning across the biopharmaceutical and other industries, in order to identify promising drug candidates to treat rare and specialty diseases. Under the terms of the agreement, we paid InveniAI an initial up-front fee of USD 0.5 million. We will be required to pay success milestones for any products brought to us in connection with the InveniAI Collaboration Agreement ranging from approximately USD 0.2 million per product candidate for which we exercise our option to acquire IP rights to USD 50 million for any required product reaching USD 1 billion per year in net sales. We will also be required to pay royalties on any such commercialized product in certain countries a royalty of approximately 3%. We are not currently developing any product brought to us by InveniAI.

Collaboration agreement with NeuroRx, Inc.

In September 2020, we entered into a collaboration agreement with NeuroRx, Inc. ("NeuroRx") to develop and commercialize our product candidate, RLF-100, for the treatment of COVID-19 related conditions and other pulmonary indications. In October 2021, we filed a lawsuit against NeuroRx and its former CEO for multiple breaches of the agreement. In January 2022, NeuroRx filed a complaint against Relief alleging that we are in breach of the agreement.

Details about the ongoing litigation were provided in our registration statement on Form F-1, filed with the U.S. Securities and Exchange Commission on August 23, 2022.

Further, on August 22, 2022, the parties entered into a tentative settlement of their disputes. The parties agreed to work collaboratively to finalize the settlement within the next 30 days and has stayed the litigation for an additional 60 days to allow for the negotiation and execution of a definitive settlement agreement. There can be no assurance that the settlement will be finalized.

Business combinations in the previous year

In June 2021, we acquired APR Applied Pharma Research SA ("APR"), a privately held Swiss pharmaceutical company specialized in identifying, developing, and commercializing known molecules engineered with drug delivery systems in niche and rare diseases on a global basis. 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 our internal R&D capabilities.

In July 2021, we acquired AdVita Lifescience GmbH ("AdVita"), a Germany-based privately held pharmaceutical company developing products for the treatment and diagnosis of rare lung diseases. The acquisition strengthened our expertise and ability to progress with the development of RLF-100.

Components of Results of Operations

Revenue and other gains

Revenue is primarily derived from our portfolio of marketed products and the provision of R&D services to third parties. We generate revenue from product sales, licensing fees, and royalties since the date of acquisition of APR in June 2021. Prior to the acquisition, Relief did not generate any revenue from commercial activities.

To date, our revenue is substantially less than our operating expenses and does not significantly contribute to our cash needs. Accordingly, we rely on external funding to continue operations and fund our clinical and commercial development plan. We expect the launch of PKU GOLIKE® as a medical food in the U.S. in the fourth quarter of 2022 and its expansion in other territories to contribute to increasing our revenue. We do not expect to generate revenue from product candidates unless and until we complete their development and obtain regulatory approvals.

Other gains consist mainly of gains on disposal of intangible assets, write-offs of liabilities, and adjustments in fair value of certain assets and liabilities.

Raw materials and consumables expenses

Raw materials and consumables expenses are comprised of expenditures incurred with third parties in relation with the purchase and manufacturing of drug products for sale, as well as laboratory supplies in connection with R&D services provided to customers.

External selling and distribution expenses

External selling and distribution expenses are comprised of expenditures incurred with third parties in relation with advertising, marketing, sales promotion, shipping, distribution, and commission on sales, for the sale of products and R&D services.

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, product manufacturing expenses, license fees, and investigator-sponsored trials, including licensing fees and milestone payments charged by licensors or collaboration partners, as well as expenses related to lab supplies and materials.

Costs for certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks using information from the clinical sites and our vendors. Costs associated with the development activity under collaboration agreements are recognized based on actual expenses reported by our collaboration partners.

Personnel expenses

Personnel expenses consist of employee-related expenses, including salaries, bonuses, benefits, share-based compensation, and other related costs.

Other administrative expenses

Other administrative expenses consist primarily of corporate facility costs, fees for legal, accounting, and audit services, and consulting fees not otherwise included in research and development expenses.

Financial income

Financial income consists mainly of foreign exchange net result, when positive. Foreign exchange net result is allocated to financial expense when negative.

Financial expense

Financial expense consists mainly of interest expense associated with the discounting over time of provisions for contingent payments measured at fair value. The commitment fee that became due upon execution of our current share subscription facility agreement with GEM in January 2021 is expensed over the period of effectiveness of the instrument. In addition, we pay negative interest on our Swiss franc and Euro cash deposits.

Income taxes

We are subject to corporate income taxation in Switzerland, the U.S., Italy, and Germany. We are also subject to corporate capital tax for our parent company and subsidiaries located in Switzerland. 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.

Comparison of the six months ended June 30, 2022 and 2021

The following table summarizes our results of operations for the six months ended June 30, 2022 and 2021:

	For the six months ended June 30,		
in CHF thousands (unaudited)	2022	2021	Change
Revenue	3'242	-	3'242
Other gains	1'303	891	412
Total income	**4'545**	**891**	**3'654**
Raw materials and consumables expenses	(669)	-	(669)
External selling and distribution expenses	(465)	-	(465)
External research and development expenses	(10'637)	(8'307)	(2'330)
Personnel expenses	(5'767)	(3'439)	(2'328)
Other administrative expenses	(3'963)	(3'204)	(759)
Other losses	-	(458)	458
EBITDA	**(16'956)**	**(14'517)**	**(2'439)**
Impairment expense	(8'226)	-	(8'226)
Amortization and depreciation expense	(2'033)	-	(2'033)
Operating loss	**(27'215)**	**(14'517)**	**(12'698)**
Financial income	162	127	35
Financial expense	(1'056)	(277)	(779)
Net loss before taxes	**(28'109)**	**(14'667)**	**(13'442)**
Income taxes	1'609	(11)	1'620
Net loss for the period	**(26'500)**	**(14'678)**	**(11'822)**

Revenue and other gains

In the first six months of 2022, we generated CHF 3.24 million of revenue from product sales, licensing fees, and royalties. Prior to the business combination with APR at the end of June 2021, we did not generate any revenue.

Other gains were CHF 1.3 million for the six months ended June 2022, compared to CHF 0.9 million for the six months ended June 2021. In the current period, other gains consisted mainly of a change in the fair value of provisions for contingent liabilities and an impairment reversal following the repayment of a loan issued to NeuroRx in 2020 and for which we had recorded a complete impairment allowance. In the comparative period, other gains related to write-offs of liabilities.

Raw materials and consumables expenses, and external selling and distribution expenses

Raw materials and consumables expenses, and external selling and distribution expenses, were, respectively, CHF 0.7 million and CHF 0.5 million for the six-month period ended June 30, 2022. We did not incur any such expenses prior to the acquisition of APR and AdVita and their respective marketing activities.

External research and development expenses

External research and development expenses increased to CHF 10.6 million for the six-month period ended June 30, 2022, from CHF 8.3 million for the six months ended June 30, 2021, an increase of CHF 2.3 million primarily due to higher expenses incurred by Acer under the license and collaboration agreement and secondarily due to the addition of in-process programs in the acquisition of APR in June 2021. The increase in expenditures associated with ACER-001 and other in-process programs was partially offset by a reduction of CHF 5.7 million in development expenses associated with RLF-100.

We plan to further increase our research and development expenses for the foreseeable future as we commence additional clinical trials and pursue discovery and development of new product candidates.

Personnel expenses

Personnel expenses increased to CHF 5.8 million in the six-month period ended June 30, 2022, compared to CHF 3.4 million for the six-month period ended June 30, 2021, an increase of CHF 2.3 million mainly due to an increase in employee headcount resulting from the acquisitions of APR and AdVita and the establishment of our U.S. sales force. As of June 30, 2022, Relief had 57 full-time equivalents on its payroll.

Other administrative expenses

Other administrative expenses increased to CHF 4 million in the six-month period ended June 30, 2022, compared to CHF 3.2 million for the six-month period ended June 30, 2021, an increase of CHF 0.8 million primarily attributable to our expanded activities with the addition of APR and AdVita. Consulting expenses associated with the preparation of the market launch of PKU GOLIKE® in the U.S. further contributed to the increase. Legal fees remain flat as costs related to Relief's effort to list its shares on Nasdaq were offset by a reduction in costs incurred for other legal and regulatory matters.

Other losses

Other losses decreased to zero in the six-month period ended June 30, 2022, compared to CHF 0.5 million for the six-month period ended June 30, 2021. Other losses for the comparative period were constituted by an impairment loss on the loan issued to NeuroRx in 2020.

Impairment expense

We conducted an impairment test of intangible assets as of June 30, 2022, and concluded that the carrying amount of certain assets, mainly intangible assets associated with PKU GOLIKE® and Sentinox™, exceeded their recoverable amount. As a result, we recognized a non-cash impairment charge on intangible assets of CHF 8.2 million in the current period. The impairment charge reflects a reduction of estimated future net cash flows from PKU GOLIKE® following changes in market assumptions, and, for Sentinox™, a one-year delay in the estimated launch date.

Amortization and depreciation expense

Amortization and depreciation expenses were CHF 2 million for the six-month ended June 2022 and were nil for the six months ended June 2021. Prior to the acquisition of APR in June 2021, we did not have amortizable intangible assets nor material property, plant, and equipment assets on our balance sheet.

Financial income

Financial income increased to CHF 0.2 million in the six-month period ended June 30, 2022, compared to CHF 0.1 million for the six-month period ended June 30, 2021, an increase of CHF 0.1 million primarily due to an increase in foreign exchange gain on monetary assets and liabilities denominated in U.S. dollars and Euros.

Financial expenses

Financial expenses increased to CHF 1.1 million in the six-month period ended June 30, 2022, compared to CHF 0.3 million for the six-month period ended June 30, 2021, an increase of CHF 0.8 million primarily due to the recognition of an interest expense of CHF 0.7 million in relation with contingent liabilities that may become due upon achievement of milestones contractually agreed with the former shareholders of APR and AdVita.

Income taxes

Income taxes were a gain of CHF 1.6 million in the six months ended June 2022, compared to income tax expenses of CHF 0.01 million for the six-month period ended June 30, 2021. The income tax gain 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.

Liquidity and Capital Resources

To date, we have funded our operations primarily through at-the-market sales of treasury shares, private placements, and equity offerings and loans from our largest shareholder, GEM. As Relief continues to incur significant operating losses, our ability to pursue and finance our operations and our intended development plans depends on our ability to continue to raise additional financing.

Our primary uses of capital are R&D expenses, personnel compensation expenses, and administrative expenses. We expect to continue to incur substantial expenses in connection with our product candidates at various stages of clinical development.

We expect to continue to raise financing through the sale of equity and license and development agreements in connection with collaborations. We intend to use future expected proceeds, together with cash on hand, to finance our development activities and the diversification of our pipeline, as well as to fund our outstanding liabilities and other commitments. 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 additional 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 partners. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations.

As of June 30, 2022, we had cash and cash equivalents of CHF 29.9 million. Based on current operating plans, we expect that we have sufficient resources to fund operations into the third quarter of 2023. We also believe that with a successful launch of ACER-001 and the potential expansion of the PKU GOLIKE® franchise into the U.S., we could reach operating cash flow-positive operations during 2025, of which there can be no assurance.

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;
- 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 timing amount of milestone payments we may have to pay in relation with the acquisitions of APR and AdVita;
- the extent to which we in-license or acquire other product candidates and technologies;
- 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 or have received marketing approval;
- the timing of repayment of the Relief's borrowings; and
- a possible settlement agreement with NeuroRx.

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 summarizes our cash flows for each of the periods indicated:

	For the six months ended June 30,	
in CHF thousands (unaudited)	2022	2021
Cash and cash equivalents at beginning of period	**44'761**	**43'154**
Cash flow used in operating activities	(14'730)	(17'741)
Cash flow used in investing activities	(4'764)	(31'577)
Cash flow from financing activities	4'662	28'780
Decrease in cash and cash equivalents	**(14'832)**	**(20'538)**
Effect of exchange rates	(58)	600
Cash and cash equivalents at end of period	**29'871**	**23'216**

Operating Activities

Net cash used in operating activities was CHF 14.7 million for the six months ended June 30, 2022, compared to CHF 17.7 million for the six months ended June 30, 2021. The decrease in cash used in operating activities of CHF 3 million was due to an increase in net loss of CHF 11.8 million, primarily driven by an impairment expense of TCHF 8.2 million, and an increase in non-cash items of CHF 7.4 million, offset by changes in net working capital of CHF 7.4 million.

Investing Activities

Net cash used in investing activities was CHF 4.8 million for the six months ended June 30, 2022, compared to CHF 31.6 million for the six months ended June 30, 2021. In the current period, cash used in investing activities consisted mainly of a payment to the former shareholders of AdVita for the completion of a milestone in relation with the issuance of a patent. In the comparative period, cash used in investing activities consisted mainly in payments for the acquisitions of APR and ACER-001 license.

Financing Activities

Net cash from financing activities was CHF 4.7 million for the six months ended June 30, 2022, compared to CHF 28.8 million for the six months ended June 30, 2021. The decrease in cash from financing activities of CHF 24.1 million is primarily due to a decrease of CHF 14.8 million in net proceeds from our Direct Share Placement program and a decrease of CHF 9.1 million in net proceeds from private placements.

Main contractual obligations and commitments

Under our license agreements with Acer Therapeutics Inc., NeuroRx Inc., and Meta Healthcare Ltd., we may be required to pay royalties in the future.

Under the acquisition agreements with the former shareholders of APR and AdVita, we may be required to make payments upon achievement of pre-agreed objectives.

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

Critical Accounting Policies and Significant Judgments and Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our unaudited consolidated interim financial statements, which we have prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as issued by the IASB. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosures at the reporting date.

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.

Recent Accounting Pronouncements

The adoption of IFRS as issued by the IASB and interpretations issued by the IFRS Interpretations Committee that are effective for the first time for our financial year beginning on January 1, 2022, had no material impact on our financial position or disclosures made in our interim condensed consolidated financial statements.

JOBS Act Exemptions

We qualify as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act") in the U.S. Subject to certain conditions, we are relying on certain of exemptions under 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) following the fifth anniversary of the completion of our initial public offering in the U.S., (b) in which we have total annual gross revenues of at least USD 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 held by non-affiliates exceeds USD 700 million as of the prior June 30, and (2) the date on which we have issued more than USD 1.0 billion in non-convertible debt during the prior three-year period.

Cautionary Statement Regarding Forward Looking Statements

This discussion and analysis contains statements that constitute forward-looking statements. All statements other than statements of historical facts contained in this discussion and analysis, including statements regarding our future results of operations and financial position, business strategy, product candidates, product pipeline, 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 half-year 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 discussion and analysis 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 are subject to risks and uncertainties, and 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 Registration Statement on Form 20-F. These forward-looking statements speak only as of the date of this discussion and analysis, and are subject to a number of risks, uncertainties and assumptions as described under the sections in our Registration Statement on Form 20-F entitled "Risk Factors" and in this discussion and analysis. 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 such as the global pandemic originating with Covid-19, 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.