30th April 2020

Annual Report 2019

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Letter to the shareholders

Dear Shareholders,

First and foremost, the Board of Directors and the Management Team of Relief Therapeutics Holding sincerely hope that you and your families are well and in good conditions to face the current crisis associated with the COVID-19 coronavirus pandemic and all its public health, social and economic consequences. At Relief we are taking all the possible measures to ensure not only continuity in our daily activities but also optimal protection to our employees. We remain confident that we will soon exit this crisis with many lessons learnt for a brighter future.

As Relief has seized the current crisis, new opportunities have emerged in the last few weeks that have been shared largely. Aviptadil, which was originally positioned to be developed for Sarcoidosis, has in the past demonstrated real potential to alleviate divers lung affections involving deleterious inflammatory reactions. This potential shall now be used to attack the gravest consequences of COVID-19 infection; namely, Acute Respiratory Distress Syndrome ("ARDS"). As I write this letter, we are preparing to test Aviptadil in COVID-19-infected patients in order to rapidly evaluate its therapeutic potential in this devastating pandemic. Relief hopes that it will soon be in a position to rapidly provide an efficient therapeutic solution to affected patients. Please stay tuned for our upcoming announcements in this regard.

It is clear that positive outcome in these trials will pave the way for further developments of Aviptadil in additional indications related to lung affections. With the recent divestment of Relief Therapeutics SA to Sonnet BioTherapeutics, Inc., which includes atexakin alfa and all its applications, all our human and financial resources are now exclusively focused on demonstrating the efficacy of Aviptadil as well as on a second step to expand on its additional indications.

Thanks to many of you, these recent announcements have naturally generated a renewed interest in Relief's shares, which permits us to employ more efficiently than in the past the financing instruments at our disposal. Using the Share Subscription Facility (SSF) and continuing to prospect for new investors in this more dynamic market situation will certainly allow more sustainable funding of the company in order to deliver on the promises of all outstanding projects.

2019 has again been another challenging year, following several of a similar nature. We experienced the resignation of both Relief's CEO and CFO, significantly reducing our cash exposure but at the same time concentrating our reliance on a few individuals. I would like here to thank Mr. Hedou and Mr. Dreano for their indefatigable support to the company over the past few years and, above all, Mr. Sagot and Mr. De Svastich who have played key roles in maintaining and overseeing our Company's operations. I am also taking this opportunity to thank Mr. Burkhardt, who is the most recent member of the Company's Board of Directors and who has brought fresh energy to his role. We are convinced that, under these new conditions and with the help of external selected resources, the Company has all the capacity to attain its current goals.

As our objective still remains to provide efficient treatments to patients as well as a well-deserved return to Relief's shareholders, rest assured that we are taking and implementing all the necessary actions to reach this difficult mission.

Finally, it is with great pleasure that we warmly welcome new investors to Relief and again thank all long-term shareholders for their patience and continuous support. I look forward to meeting you all at our upcoming Annual General Meeting.

Sincerely,

Raghuram Selvaraju
Chairman of the Board of Directors

Company Profile

1. Business overview

Relief Therapeutics Holding SA ("Relief", the "Company", the "Group") is a company developing drugs via participation in active entities that have obtained intellectual properties through their own research activities or via in-licensing. Development activities of the Group focus primarily on clinical-stage projects based on molecules of natural origin (peptides and proteins) with a history of clinical testing and use in human patients or a strong scientific rationale. Following a pipeline expansion phase, Relief announced in August 2019 its intention to divest one of its subsidiaries i.e. Relief Therapeutics SA to Sonnet BioTherapeutics, Inc., an agreement that has been closed in March 2020. In addition, Relief has ceased all external collaboration with Genclis and the Hong Kong-based Health and Happiness group ("H&H") for the development of artificial colostrum and cow milk against allergy, to focus its efforts on the development of new treatment solutions for respiratory disease indications, initially concentrating its resources on COVID-19-induced Acute Respiratory Distress Syndrome (ARDS).

The Company was formed in June 2016 following the merger of Relief Therapeutics SA and THERAMetrics holding AG. Its legal seat is in Geneva, Switzerland, where all the Group's activities are located.

2. Business activities

Business activities in 2019 have been focused on preparing the development/out-licensing of the Company's two most promising drug candidates, aviptadil and atexakin alfa. These are both based on endogenously occurring factors produced in the human body.

Atexakin alfa, a low-dosage formulation of interleukin-6 (IL-6) that was shown in preclinical stages to protect neurons from toxic injuries, to promote nerve regeneration and to restore the isolating myelin sheet around axons. These properties of atexakin alfa were obtained in several animal models of peripheral neuropathies, including chemotherapy-induced peripheral neuropathy, a quite common form of adverse event caused by chemotherapeutic treatment. In August 2019, divestment of Relief Therapeutics SA to Sonnet BioTherapeutics Inc., an oncology-focused biotechnology company, has been agreed upon and became effective in March 2020.

Aviptadil (Vasoactive Intestinal Peptide, VIP), the second product in development, is an abundant biologically active endogenous human peptide that possesses antiproliferative, anti-inflammatory, and immune-regulatory activities. Its predominant biological activity is observed in the lungs, and a vast body of experimental, pharmacological and clinical evidence suggests Aviptadil to be an attractive candidate for the treatment of pulmonary sarcoidosis. The co-development and out-licensing options realized in the past for pulmonary sarcoidosis are still active, but the COVID-19 pandemic has opened a new perspective on the therapeutic potential of Aviptadil. With the support of NeuroRx, a U.S. company led by Dr. Jonathan Javitt, Relief launched two Phase II studies of Aviptadil in the treatment of ARDS associated with COVID-19. The first registered under the identifier ClinicalTrials.gov: NCT04311697, will evaluate the effect of Aviptadil administered intravenously, as was done in 1996-98 in the pilot study by Dr. Sami Said. The other study, registered under NCT04360096, will evaluate the efficacy of local administration via a nebulizer as was published in the pilot study in patients with pulmonary sarcoidosis by Dr. Prasse et al., in 2010. In the past both routes of administration have shown to induce therapeutic benefit in pulmonary indications.

3. 2019 transformation

Business opportunity: The COVID-19 pandemic, caused by the novel coronavirus known as SARS-CoV-2, highlighted a neglected therapeutic area where past results in various pulmonary indications suggest that Aviptadil may be of clinical interest. The potential of Aviptadil in the treatment of ARDS may potentially extend beyond the complications associated with SARS-Cov-2 virus infection and could be of potential use for the treatment of other symptoms associated with acute lung injury following sepsis or polytrauma. Upon positive results in this initial indication, Relief intends to widen the potential use of Aviptadil – originally positioned for pulmonary sarcoidosis, a niche market with unmet clinical needs – to address additional indications in the pulmonary disease area that require intensive care.

Financial Review

The following review of the financial condition and results for 2019 should be read in conjunction with the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards, and the related notes thereto included in this Annual Report. In addition to historical data, this review contains forward-looking statements based on current expectations that involve risks, uncertainties and assumptions. Actual results may differ materially from those discussed in the forward-looking statements.

1. Overview of consolidated financial results

During 2019, the group remained focused on development activities and did not generate revenues as a result of the termination of the licencing agreements with Genclis and H&H. In 2018, Relief had recognized a non-refundable signing fee income of TCHF 565 in relation to these agreements. This termination released the group from its deferred payment debt of TCHF 4'354, originally due in March 2020, and the related licenses recognized as intangibles with a carrying amount of TCHF 4'424 were returned to Genclis and derecognized.

Relief recorded in 2019 other gains of TCHF 155 mainly related to the release of unused provisions for the settlement of litigation cases. General and administrative expenses decreased to TCHF 946 in 2019 compared to TCHF 1'050 in 2018, primarily since the number of employees and their compensation were reduced during 2019. Personnel expense was TCHF 281 in 2019 and TCHF 346 in 2018.

The Swiss corporate tax reform voted on May 19, 2019 had a positive outcome on the net result. The reduction of corporate income tax rate led to a downward adjustment of the deferred tax liability of TCHF 3'142 and a corresponding tax income.

The group incurred a net loss of TCHF 7'460 in 2019 compared to a net loss of TCHF 436 in 2018, mainly driven by an impairment expense of TCHF 11'200 recorded on the carrying value of its intangible asset Aviptadil. Basic and diluted loss per share for the same periods was CHF 0.004 and CHF 0.000, respectively.

Accounting rules prescribe that the Company's recent intention to develop Aviptadil as a treatment for ARDS associated with infection by the SARS-Cov-2 virus responsible for the COVID-19 pandemic should be considered a non-adjusting event and shall not be considered when setting assumptions for the valuation of intangible assets as of December 31, 2019. The book value of Aviptadil was therefore estimated on its commercial perspectives for pulmonary sarcoidosis without including its potential value in COVID-19 and has been impaired from TCHF 30'800 to TCHF 19'600. Impairment is mostly linked to a delay in the foreseen market launch, due to the need to adapt trial design to new regulatory requirements as well as to the rapid evolution of the Company priority to address the new COVID-19-related ARDS indication.

Throughout the year, the group received debt financing from its main shareholder GEM Global Yield Fund LLC (GGYF) for TCHF 600 to finance operating activities. Cash and cash equivalents amounted to TCHF 137 at December 31, 2019, compared to TCHF 265 at year-end 2018.

2. Financial outlook 2020

Based on current expectations and ongoing clinical trials for the treatment of Acute Respiratory Distress Syndrome associated with SARS-CoV-2 viral infection (COVID-19-ARDS) with Aviptadil, the Group's cash burn guidance for 2020 is CHF 15 million. In order to successfully complete the COVID-19-ARDS trials, three sources of cash could be realised in parallel: the sale of Sonnet BioTherapeutics' shares, the exercise of the Share Subscription Facility with an open credit line up to 43.8 million and equity transactions with investors including our main investor Global Emerging Markets (GEM), which confirmed a commitment to pursue the route initiated and support ongoing projects for the benefit of patients and shareholders.

3. Risk assessment disclosure required by Swiss Law

Capital and financial risk management is described in more detail in Note 31 of the accompanying Consolidated Financial Statements.

COMPENSATION REPORT

The Compensation Report provides an overview of the compensation programs, the method of determination of compensation and the compensation awarded in 2019 to the members of the Board of Directors and of the Executive Committee of Relief Therapeutics Holding SA.

The report is written in compliance with the provisions of the Ordinance against Excessive Compensation in Stock Listed Corporations and the standards related to information on Corporate Governance issued by the SIX Swiss Exchange.

1 Compensation Governance

1.1 Nomination and Compensation Committee

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

- identification of suitable candidates to positions on the Board of Directors and on the Executive Committee;
- recommendation and proposal of compensation principles and programs, including share-based compensation plans;
- recommendation and proposal of the compensation of the members of the Board of Directors and Executive Committee;
- recommendation and proposal of specific compensation packages for further members of management.

The decision-making authorities in compensation matters are summarized in the table below:

Levels of authority

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

*Of note, as of July 1st, 2019, the authority ascribed to the resigning CEO has been transferred to the NCC *ad interim*, until a new CEO will be nominated

The NCC consists of members of the Board of Directors who are elected individually and annually by the Annual General Meeting for the period until the following Annual General Meeting. At the 2019 Annual General Meeting, Mr. Peter de Svastich (Chairman) was re-elected as NCC member.

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

In 2019, the NCC met once on October 15, 2019.

1.2 Role of Shareholders: Say-on-pay Vote

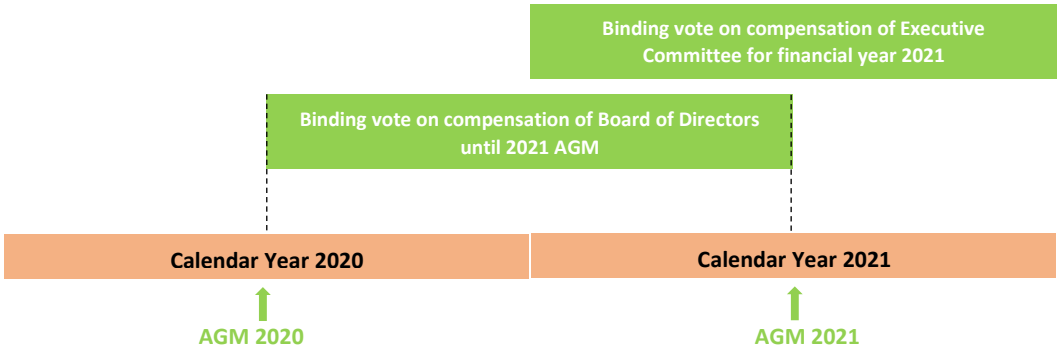
In line with the requirements of the Ordinance, the Company's articles of associations and the Organizational Regulation include provisions on the following governance and compensation-related matters:

- Principles of the duties and responsibilities of the NCC;
- Number of permissible mandates in the supreme governing bodies of other legal entities;
- Maximum terms of employment contracts and maximum notice period for members of the Executive Committee;
- Principles of compensation applicable to the Board of Directors and Executive Committee;
- Shareholders' binding vote on compensation of the Board of Directors and Executive Committee;
- Additional amount for members of the Executive Committee hired after the vote on compensation by the Annual General Meeting;
- Loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Executive Committee.

At the 2020 Annual General Meeting, a binding vote on the compensation amount of the Board of Directors and Executive Committee will be conducted (say-on-pay vote). In order to provide the company and its executives with a necessary level of planning certainty to operate efficiently, a prospective voting structure has been chosen. The Annual General Meeting will vote on:

- the maximum compensation amount of the Board of Directors for the period of office until the following Annual General Meeting;
- the maximum compensation amount of the Executive Committee for the following financial year.

Say-on-pay vote structure



1.3 Method of Determination of Compensation

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

- Affordability and overall situation of the company;
- Business financial results and individual performance;
- Level of compensation paid by other companies that are deemed to be comparable in terms of industry (where they compete for talents) and complexity (defined by their size and geographic scope).

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

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2 Compensation of the Board of Directors

2.1 Principles and Compensation Architecture

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

The compensation in cash and in options is usually paid at the end of the period of service, shortly after the Annual General Meeting, however, the Board of Directors may elect to retribute one or all of its members at its own discretion any time during the period between one Annual General Meeting and the following one.

The compensation of the Board of Directors is subject to regular social security contributions and is not pensionable.

2.2 Compensation Awarded to the Board of Directors in 2019

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

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

In 2019, members of the Board of Directors earned a total compensation of CHF 0 (previous year CHF 0). The stability of the total compensation between 2018 and 2019 is due primarily to a concerted decision to maintain at minima the daily costs of the Company that applies to all compensations.

In 2019 there was no fixed fee paid nor Options given to the Board of Directors.

Compensation of the Board of Directors (2019 versus 2018) in CHF Table 3.2

Board of Directors	Fixed Fee 2019	Fixed Fee 2018	Options (fair value) 2019	Options (fair value) 2018	Total 2019	Total 2018
Raghuram Selvaraju, Chairman [1]	0	0	0	0	0	0
Michel Dreano [2]	0	0	0	0	0	0
Peter de Svastich [3]	0	0	0	0	0	0
Thomaz Burckhardt [4]	0	-	0	-	0	-
Total Board of Directors	0	0	0	0	0	0

[1] Chairman of the Board since 25 May 2016 re-elected at the 2019 Annual General Meeting
[2] Member of the Board of Directors since 25 May 2016 re-elected at the 2019 Annual General Meeting and CFO. Mr Dreano resigned from all his roles with effective date 30 June 2019.
[3] Member of the Board of Directors since 25 May 2016 re-elected at the 2019 Annual General Meeting
[4] Newly elected member of the Board of Directors since the 2019 Annual General Meeting

For the period from the 2019 Annual General Meeting to the 2020 Annual General Meeting, the remuneration paid to the Board of Directors amounts to CHF 0. This is within the limit to CHF 200'000 approved by the 2019 Annual General Meeting for this compensation period. For the same period of time, the remuneration for the Executive Committee amounts to CHF 247'637 which is within the limit of the CHF 1'500'000 approved by the 2019 Annual General Meeting.

In 2019, no compensation was granted to former members of the Board of Directors or related parties.

Details on shareholdings of the members of the Board of Directors can be found in Note 7 of the stand-alone financial statements.

3 Compensation of the Executive Committee

3.1 Principles and Compensation Architecture

The compensation principles are aligned with the company's strategy of becoming profitable by generating new business and increasing revenue, while improving cost efficiency and restructuring business processes. The compensation principles are:

- Balance between competitiveness and company's affordability: as far as possible within the company's financial affordability, compensation levels are competitive and aligned with market practice for similar functions in comparable companies;
- Pay for performance: part of compensation is directly linked to the performance of the business and to the achievement of individual objectives;
- Alignment with shareholders' interests: part of compensation is delivered in the form of share-option and thus is directly tied to the long-term company's share performance.

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

Compensation Model of Executive Committee

	Vehicle	Purpose	Drivers	Performance
Fixed base salary	Monthly cash	Attract & retain	Market practice	-
Performance bonus	Cash bonus	Pay for performance	Business and individual performance	Company's profitability, individual performance
Employee Participation Program (EAP)	Share options	Align to shareholders' interests	Level of the role	Share price
Benefits	Pension/insurance plans	Protect against risk	Market practice	-

Fixed base salary: The fixed base salary pays for the function and depends on the company affordability, the market value of the function and the profile of the individual in terms of qualifications and skills set.

Performance bonus: The performance bonus rewards the profitability of the business and the achievement of individual objectives over a period of one year. The target performance bonus is expressed as a percentage of fixed base salary and usually amounts to 20% for the members of the Executive Committee. Generally, there is no bonus payout if the company does not generate profit. When the company is profitable or at the discretion of the Board of Directors and NCC, decision to attribute a bonus is taken. The bonus amount effectively paid out is then determined by the Board of Directors, upon proposal of the NCC. The performance bonus is paid in cash or options, usually in April of the following year.

Employee Participation Program: The Employee Participation Program provides an incentive for management to make significant contributions towards the long-term success of the company and aligns their interest to those of its shareholders. The Board of Directors determines the individual allocation of share-options at its own discretion, taking into account the level of the role and economic considerations. The value of the options is calculated according to the Black Scholes valuation methodology.

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

Contractual provisions: The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a notice period of 6 months. They do not contain any agreement on severance payments.

3.2 Compensation Awarded to the Executive Committee in 2019

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

The disclosure of compensation includes all forms of consideration given by the company in exchange for services rendered by the members of the Executive Committee.

In 2019 members of the Executive Committee received a total remuneration of CHF 247'637 (previous year CHF 315’834). The decrease in Executive Committee compensation in 2019 is essentially due to the drastic reduction of the Company workforce as a consequence of the resignation of Mr. Gael Hedou and Mr. Michel Dreano from their respective role of CEO and CFO. In September 2019, the Company engaged Mr. Czigler as external CFO under a consultancy agreement.

Compensation of the Executive Committee (2019 versus 2018) **Table 4.2**

Executive Committee (in CHF)	Fixed compensation[1]	Cash bonus	Pension benefits[2]	Options (fair value)	Total 2019	Total 2018
Gaël Hedou[3]	108'868	0	6’057	0	114'925	153’039
Michel Dreano[3]	66'466	0	3’321	0	69'787	110’981
Yves Sagot	50'054	0	1’821	0	51'875	51’814
Zoltan Czigler[4]	11’050	0	0	0	11’050	0
Total Executive Committee	**236'438**	**0**	**11’199**	**0**	**247'637**	315’834

1 Includes value of other short-term benefits, such as company car. Also includes social security (AHV) contribution
2 Includes the employer contributions to company pension plan (BVG)
3 Until resignation effective on 30 June 2019
4 Mr. Czigler was hired as external CFO under a consultancy-based contract in September 2019

In 2019, no compensation was granted to former members of the Executive Committee or related parties. Details on shareholdings of the members of the Executive Committee can be found in Note 7 of the stand-alone financial statements.

4 Loans to Members of the Board of Directors and Executive Committee

No member of the Board of Directors or Executive Committee was granted a loan during the business year, and there were no loans to any members of the Board of Directors or Executive Committee outstanding at the end of 2019.

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RELIEF THERAPEUTICS HOLDING SA
GENEVA

Report of the statutory auditor
Compensation report
December 31, 2019

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

We have audited the accompanying remuneration report of RELIEF THERAPEUTICS Holding SA for the year ended December 31, 2019. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" in section 2.2 on page 8, in section 3.2 on page 9 and in section 4 on page 10 of the remuneration report.

Responsibility of the Board of Directors

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

Auditor's Responsibility

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

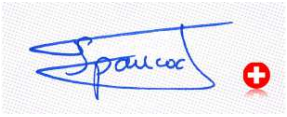
An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of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

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

Opinion

In our opinion, the remuneration report for the year ended December 31, 2019 of RELIEF THERAPEUTICS Holding SA complies with Swiss law and articles 14 – 16 of the Ordinance.

MAZARS SA



Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

Daphné Naef
Licensed Audit Expert

Geneva, April 30, 2020

Enclosures :

- Remuneration report

CORPORATE GOVERNANCE

The corporate governance principles of Relief Therapeutics Holding SA ("Relief", the "Company", the "Group") are laid out in the Company's articles of incorporation (the "Articles"), in the organizational regulations (the "Regulations") (in German: *Organisationsreglement*) adopted by the Board of Directors (the "Board"). The Articles can be viewed or downloaded on the Company's webpage.

Further information disclosed below conforms to the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange. In order to avoid redundancies, references to other parts of this Annual Report and links to the Relief Therapeutics website (www.reliefthерapeutics.com) that could provide additional, more detailed information, are inserted.

1. Listed Company

Company Name	Relief Therapeutics Holding SA
Domicile	Avenue de Sécheron 15, CH-1202 Geneva
Register number	CHE-113.516.874
Listing	SIX Swiss Exchange, symbol 'RLF'
ISIN	CH 0100191136
Swiss security ID	10191073
Market capitalization 31 December 2019	CHF 2'113'919
Share price at 31 December 2019	CHF 0.001
Duration of the company	Unlimited

2. Unlisted companies

The table below shows the companies (all unlisted) belonging to Relief Therapeutics Holding SA as of 31 December 2019:

Name	Domicile	Share Capital	Shareholder	% owned
Relief Therapeutics SA	Geneva (CH)	CHF 208'163	Relief Therapeutics Holding SA	100
THERAMetrics Discovery AG	Geneva (CH)	CHF 338'364	Relief Therapeutics Holding SA	100
THERAMetrics (Switzerland) GmbH, (in liquidation)	Zürich (CH)	CHF 20'000	Relief Therapeutics Holding SA	100
Pierrel Research Hungary Kft (in liquidation)	Budapest (Hungary)	EUR 46'000	Relief Therapeutics Holding SA	100
THERAMetrics, Inc. (in liquidation)	Wayne, PA (USA)	USD 0	Relief Therapeutics Holding SA	100

3. Significant shareholders

The table below shows those shareholders or groups of shareholders who, according to information available to the Company, hold more than 3% of the share capital and voting rights (whether exercisable or not) as of 31 December 2019:

	voting rights conferred by shares	
shareholders	**shares**	**percentage**
GEM Global Yield Fund LLC SCS	566'154'033	26.8%
Yves Sagot	175'698'685	8.2%
Michel Dreano	138'963'099	6.6%
Gael Hedou (Django Trading Sàrl)	118'000'000	5.6%
Other shareholders	1'115'103'455	52.8%
Total	**2'113'919'272**	**100%**

As of 31 December 2019, the Company is not aware of any other person or group of persons directly or indirectly holding, alone, together or in concert with third parties, 3% or more of the voting rights in the Company or has or have a sale position of more than 3% of the voting rights in the Company.

Details on changes subject to disclosure requirements during the 2019 financial year can be viewed on the SIX Swiss Exchange disclosure platform at www.six-swiss-exchange.com.

4. Capital structure

As of 31 December 2019, the issued share capital of the Company amounted to CHF 21'139'192.72, consisting of 2'113'919'272 fully paid-in shares with a nominal value of CHF 0.01. All issued shares are listed and traded at the SIX Swiss Exchange.

4.1 Authorized share capital

As of 31 December 2019, the Company had an authorized but not yet issued nominal capital of CHF 10'569'596, consisting of 1'056'959'600 registered shares with a par value of CHF 0.01 each that the Board of Directors is authorized to issue at any time until 14 June 2021.

4.2 Conditional share capital

The conditional share capital of the Company as at 31 December 2019 was TCHF 10'569 (2018: TCHF 7'628), consisting of 1'056'959'622 (2018: 762'800'430) registered shares with a par value of CHF 0.01 each, of which 190'000'000 (2018: 190'000'000) to be used for share options for members of the Board of Directors, Executive Management, employees and consultants as well as 866'959'622 (2018: 572'800'430) to be used for the exercise of conversion option rights granted in connection with bonds, notes or similar debt instruments issued by the Company.

The number of warrants outstanding issued by the Group was 590'000'000 as at 31 December 2019 and 31 December 2018. The warrants were granted in 2017 giving the right to the warrant holder to buy and equal number of shares of the Company at an exercise price of CHF 0.01.

The Company has two stock option plans for its employees, board members, and consultants whereby each option gives its holder the right to purchase one of the Company's common shares at a pre-determined price. When options are exercised, the related shares are issued from the Company's conditional capital. Option grants are proposed by the Company's Nomination & Compensation Committee and approved by the Board of Directors.

One stock option plan is from 2011 and has been kept only to cover options still outstanding under it. As all options that have been attributed under this plan either have expired or have been exercised the management is considering closing it. The second plan was established in 2015. All future stock option grants will be issued under the 2015 plan.

As of 31 December 2019, there are 70'530'000 options outstanding, all of which are fully vested. During 2019, no option was exercised nor granted.

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

	2019	2018
Options outstanding at the beginning of the year	70'530'000	55'530'000
granted	-	15'000'000
forfeited	-	-
exercised	-	-
Options outstanding at the end of the year	70'530'000	70'530'000

5. Changes in the share capital

In August 2018, the SSF was drawn down by an amount of 249'998.80, eventually leading to an increase in share capital of CHF 249'998.80 (25 million shares). As the draw down was not yet registered in the commercial register and not recorded at SIX, it was shown as increase in share premium. In 2019, upon registration in the commercial register, the total nominal amount of CHF 249'998.80 was reclassified from share premium reserve to issued share capital.

Changes in the share capital between 1 January and 31 December 2019 are disclosed in the notes of the statutory financial statements.

6. Limitations on transferability and nominee registrations

In principle, the Company's shares are freely transferable. There is no percentage limitation, and consequently, the Company does not grant any exception. Pursuant to the Articles of Association, any transfer in shares, including the granting of security interests, is subject to the Intermediated Securities Act. The transfer of shares by assignment further requires the notification to the Company for its validity.

Every person recorded in the share register is regarded as a shareholder or beneficiary vis-à-vis the Company. Pursuant to the Articles of Association, the purchaser of shares is entered in the register of shares if there is an express declaration that the purchaser is holding the shares for himself. This also applies to the acquisition of shares through the exercise of purchase, option or conversion rights. If the purchaser is not prepared to make such a declaration, the Board of Directors may refuse registration as a voting shareholder. The Board of Directors regulates the rules for the registration of persons who hold the shares in the name and for the account of a third person, so called nominees. No applications in this regard were submitted in 2019.

7. Board of Directors and its sub-committees

Until Annual General Meeting 2019 the Board of Directors and its sub-committees were composed of the following members:

Name	Function	Member of the board	Sub-committees	
			AFC	NCC
Raghuram Selvaraju	Chairman	X		
Michel Dreano	Member	X		X
Peter de Svastich	Member	X	X	X

Following Annual General Meeting 2019 the Board of Directors and its sub-committees were composed as follows:

Name	Function	Member of the board	Sub-committees	
			AFC	NCC
Raghuram Selvaraju	Chairman	X		
Thomaz Burckhardt	Member	X		
Peter de Svastich	Member	X	X	X

7.1 Director's education and professional background

Dr. Raghuram Selvaraju, Swiss national, born in 1978, Chairman of the Board of Directors.

Dr. Selvaraju joined the Board of Directors on 25 May 2016 as Chairman.

Currently, Dr. Selvaraju is a Managing Director and Senior Healthcare Analyst at H.C. Wainwright & Co., a full-service investment bank headquartered in New York City. Dr. Selvaraju originally started his sell-side research analyst career with Rodman & Renshaw, a predecessor of this firm, in 2005. Prior to joining H.C. Wainwright & Co., he was a Managing Director and Senior Healthcare Analyst at MLV & Co LLC's Research Division. Dr. Selvaraju was employed at MLV & Co. till August 2015. He covered the biotechnology, specialty pharmaceuticals and diagnostics space within the healthcare sector at the firm. Prior to this, Dr. Selvaraju served as Managing Director and Head of Healthcare Equity Research at Aegis Capital Corporation, Research Division since March 2012. Before that, he served as a Senior Vice President in Equity Research and Senior Biotechnology Analyst at Morgan Joseph TriArtisan LLC, Research Division since May 2011. From 2010 to March 2011, Dr. Selvaraju served as a Senior Equity Research Analyst covering the biotechnology and pharmaceuticals sectors at Noble Financial Group, Inc., Research Division. From 2009 to 2010, he served as the Senior Vice President and Head of Healthcare Equity Research at Hapoalim Securities USA, Inc., Research Division, covering biotechnology, specialty pharmaceuticals, molecular analytics, and diagnostics. Prior to research, he started his career at the Serono Pharmaceutical Research Institute in 2000. Dr. Selvaraju served as a Technician and Pharmaceutical Researcher at the firm until 2004. He designed models and user interfaces for analysis of gene expression data from quantitative real-time RT-PCR; led multi-disciplinary teams developing animal models to identify novel therapeutic products; and discovered the first novel protein candidate. Dr. Selvaraju has a total of over 18 years of total experience in the biotechnology and pharmaceutical sectors. Dr. Selvaraju is widely quoted in national publications such as Barron's and The Wall Street Journal, as well as healthcare industry publications such as The Pink Sheet, BioWorld Today, and BioCentury, and has appeared numerous times on Bloomberg, CNBC, Business News Network and BTV to comment on drug development trends, healthcare reform policy, and pharma and biotech M&A. He has published articles in leading peer-reviewed journals, presented research at various international scientific conferences, and is a co-inventor on several drug patents. Dr. Selvaraju has published sector reports on Alzheimer's disease, multiple sclerosis, stroke, orphan neurological disorders, and the Wall Street research on United States healthcare reform policy. He has been ranked on StarMine for earnings accuracy since 2010 and also by The Wall Street Journal's Best on The Street survey on the basis of portfolio return performance in 2006. While at Serono Pharmaceutical Research Institute, Dr. Selvaraju became the youngest-ever recipient of the Serono Pharmaceutical Research Institute's Inventorship Award for exceptional innovation and creativity in 2003.

Dr. Selvaraju obtained his Ph.D. in cellular immunology & molecular neuroscience from the University of Geneva, Switzerland, his M.B.A. from the Johnson Graduate School of Management, Cornell University, Ithaca, New York, US, his M.S. in molecular biology from the University of Geneva, Switzerland and his B.S. in molecular, cell and developmental biology & technical writing from Carnegie-Mellon University, Pittsburgh, Pennsylvania, US. He currently does not hold and has not held any Management positions in the past. Apart from his membership on the Board of Directors of the Company, he does not hold and has not held any Board of Directors' memberships in the past.

Dr. Michel Dreano, French national, born in 1957.

Dr. Dreano has been a member of the Board of Directors since 25 May 2016.

Dr. Dreano holds a PhD in Molecular Virology from the Institut Pasteur/University Paris VII and a PhD in Molecular and Cellular Biology from the University of Burgundy (France). He joined the Battelle Memorial Institute in Geneva in 1983 where he headed a group involved in the production of recombinant proteins. He moved to Serono International SA in 1989 where he operated as a drug developer and then as a project/alliance manager. In this context, he managed many strategic collaborations and partnerships with academic institutions, research contract organizations, biotech firms or large pharmaceutical organizations. In 2007, after the acquisition of Serono International SA by Merck KGaA, Dr. Dreano pursued the management of international research projects and integrated the business development department. In 2012, Dr. Dreano created an independent consulting company specialized in the management of multidisciplinary and cross-national R&D projects. He also participated in the creation of a not-for-profit foundation, ReMedys, where he serves as an executive member of the Board of Directors. Finally, Dr. Dreano is one of the three founders of Relief Therapeutics SA, serving as Chief Business Officer and Chief Finance Officer.

Dr. Dreano resigned from his role of Board member as well as his other functions in the Company with effective date 30 June 2019.

Mr. Peter de Svastich, United States of America national, born in 1945.

Mr. de Svastich has been a member of the Board of Directors since 25 May 2016.

Mr. de Svastich is a Managing General Partner of Global Emerging Markets Limited. Mr. de Svastich is Managing General Partner at GEM Brazil Private Equity Fund. He interfaces with GEM in matters related to fund-raising, private placement opportunities, and investor relations. He was originally Principal Executive Officer, President, Principal Financial Officer, Treasurer and Secretary at Global Group Enterprises Corp. from April 2013 to March 2015. Mr. de Svastich served as President, Principal Executive Officer Principal Financial Officer, Treasurer, Director, and Secretary of Tyme Technologies, Inc. from April 2013 to March 2015. He has been the President of WH Management Inc., since 1985. Since September 2012, Mr. de Svastich has been a Managing Director of GEM Group, head of Latin America/Southern Europe/Administration. He has been the Chief Financial Officer, Chief Operating Officer, and Chief Compliance Officer for a number of hedge funds and funds of funds. From January 2009 to March 2010, Mr. de Svastich was a self-employed consultant; from June 2007 to December 2009, Mr. de Svastich was a Registered Representative at Partner Capital Group, LLC; and from April 2005 to November 2008, Mr. de Svastich served as a Partner, Chief Financial Officer and Chief Compliance Officer of Alpha Equity Management, L.P. Mr. de Svastich served as Vice President at General American Investors Company since January 2005. He joined General American Investors in November 2004, and has spent his entire business career in the investment management and financial services industry since joining a fund management and investment services firm located in Madrid, Spain, in 1970. He served as Chief Financial Officer, Chief Operating Officer, and Chief Compliance Officer at Alpha Equity Management LLC. He helped sell a 25% equity stake to SunTrust Bank N.A. Previously, he served as Partner and Chief Financial Officer of Decision Capital LLC from 2002 to 2004 and of Hawkins McEntee LLC from 2000 to 2001. He worked as an investment banker involved in Brazil. He served as President of Delegated Management S.A. He founded and ran WestHem International Group for 15 years. He ran the International Division of one of Brazil's five banks in the 1980's and spearheaded its international expansion. He has formed joint-ventures in banking and alternative investments with N.M. Rothschild & Sons, Banco Internacional y de Comercio Exterior, Banque Française de Commerce Exterieur (BFCE), and BNP. He has been a Director of WH Management Inc. since 1985 and Global Group Enterprises Corp. since April 26, 2013.

Mr. de Svastich has a Latin American Teaching Fellowship from the Fletcher School of Law and Diplomacy at Tufts University. Mr. de Svastich has a B.A. cum laude from Princeton University, which he received in 1965, and a J.D. from the Yale Law School which he received in 1968.

Mr. Thomaz Burckhardt, Swiss national, born in 1958.

Mr. Burckhardt has been a member of the Board of Directors since the 2019 AGM.

Thomaz Burckhardt was born on July 26th, 1958 in Rio de Janeiro, Brazil. He is a Swiss citizen and lives in Pfäffikon, Schwyz, Switzerland. After completing his law studies, he held various positions in the areas of asset management and capital markets at leading international banks UBS, Deutsche Bank, JP Morgan and Credit Suisse. Subsequently, he founded his own investment and transaction consulting company. He is specialized in asset management, capital market transactions and M&A for small and medium-sized companies. He has experience as a supervisory board member in various medium-sized and listed companies, with a focus on the sectors of finance, media, medical technology, manufacturing and services.

7.2 Other activities and vested Interests

Other than described above, none of the board members have any position in governing or supervisory bodies of any major organization, institution or foundation under private or public law, permanent management or consultancy function for major interest groups, official function or political mandate.

7.3 Elections and terms of office

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

7.4 Internal organization

The Board of Directors is self-constituting and designates its Vice-chairman and Secretary. The latter needs not be a member of the Board. The Chairman convenes the Board as often as the Company's affairs require and presides (or in his absence another Director specifically designated by the majority of the other Directors present at the meeting) over the Board meetings. Each Director is entitled to request to the Chairman, in writing, a meeting of the Board by indicating the grounds for such a request. The Chairman decides on agenda items and motions. Every Director is entitled to request to the Chairman, in writing, the insertion of a specific agenda item by indicating the grounds for such a request.

To pass a valid resolution, the majority of the Directors have to attend the meeting. Meetings may also be held by telephone conference to which all the Directors are invited. No quorum is required for confirmatory resolutions and adaptations of the Articles of Association in connection with capital increases. The Board of Directors passes its resolutions by way of simple majority. The members of the Board may only vote in person, not in proxy. In the event of a tied vote, the Chairman has the casting vote. Minutes of deliberations and resolutions are kept and signed by the Chairman and the Secretary.

The Board has established the following committees to further strengthen the corporate governance structure of the Company. Committee memberships are set out in the membership and permanent committee membership resume table of this Annual Report.

Audit and Finance Committee (AFC): The AFC advises the Board of Directors in the performance of its supervisory duties. In particular, the AFC reviews the financial reporting to shareholders and the general public as well as the relationship with the external auditors, satisfies itself that the Company's financial risk management and the Company's internal controls are of an appropriate standard, ensures that its activities are consistent and compliant with the organizational regulations, assesses the adherence to the relevant 'best practice' corporate governance provisions, to the extent such practice has effect on the activities and the functions of the AFC, satisfies itself that the Company's overall fraud prevention procedures are of an appropriate standard and ensures that appropriate procedures to enable employees to confidentially and anonymously submit their concerns regarding accounting, internal controls or auditing matters are in place. In addition, the AFC is kept informed on a weekly basis of the cash situation of the Company and adherence of the spending with the annual budget. It may decide on the execution or not of each individual payments proposed by the Executive Committee.

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

7.5 Modus operandi of the Board of Directors and the Board Committees

As a rule, the Board meets as often as the business requires. Given the currently high degree of financial pressure on the Company's, the Board met 10 times in 2019.

The NCC met once during 2019 to review the Executive Committee compensation.

Areas of responsibility

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

The Board of Directors has entrusted the execution of its defined strategies and the day-by-day management of the Company and the Group to the Chief Executive Officer who, together with an executive management committee (the "Executive Committee") is responsible for the overall management of the Group, in accordance with the Articles and pursuant to the areas of responsibility as detailed into the By-laws.

Information and control instruments in respect of the Executive Committee

Relief's management information system consists of the financial reporting system. Each quarter, the financial statements and additional information derived therein for the individual companies are entered in the financial reporting system, consolidated and compared against the financial plans as amended by the Board of Directors. The Executive Committee discusses the results in detail and decides on actions to be taken. The Executive Committee informs and submits its report to the AFC and the Board of Directors on a half-year basis or in case of material deviations. Such Information is submitted immediately to the AFC and to the Board on topics such as legal issues, changes in the risk environment (risk management) and other issues with extraordinary character. In addition, the Executive Committee submits on a weekly basis the cash position and outstanding invoices of all the Group's entities to the AFC that decides all actions to be undertaken in light of the financial and business plan of the Company.

Directors also have the opportunity to talk to the members of the Executive Committee to overcome the Company's business and processes. Each Director is entitled to request and receive information on all matters of the Company and the Group and has access to all the Group's records. Directors do not participate to the meetings of the Executive Committee.

8. Executive Committee

As of 31 December 2019, following the resignation of the CEO and CFO, the Executive Committee comprises the CSO. The Executive Committee, under the direction and the control of the Board of Directors, conducts the operational management of the Group pursuant to the Company's organizational regulations.

During the Board of Directors and Board Committee meetings, the members of the Executive Committee report whenever required. The members of the Executive Committee are appointed by the Board upon proposal by the NCC.

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

8.1 Members

- Dr. Gaël Hédou, Chief Executive Officer, since February 2017 until end of June 2019
- Dr. Yves Sagot, Chief Scientific Officer, since May 2016
- Dr. Michel Dreano, Chief Business Officer since May 2016 and Chief Finance Officer since February 2017 until end of June 2019

Gaël Hédou, Chief Executive Officer, French national, born in 1972.

Dr. Gaël Hédou graduated in Neuroscience from the University of Strasbourg (FR) in 1997. He then completed his PhD in Natural Sciences at the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland, in the field of Neuroscience and Neuropharmacology studying brain and behavioral plasticity related to drug addiction. He pursued his academic research with a postdoc at the ETH researching on brain plasticity and repair before joining the pharmaceutical industry. He started his industrial career at GlaxoSmithKline, Verona, Italy, in 2004 were he led a laboratory supporting both preclinical and clinical projects in psychiatric diseases. He joined Merck Serono KGaA in 2008 to participate in the implementation of the drug discovery and development strategy in Parkinson's disease. Under his supervision, drug discovery projects became the basis for a spin off company of Merck Serono KGaA. Dr. Hedou has acquired expertise in the field of drug discovery and project management through different positions of increasing responsibility. He is one of the co-founders of Relief Therapeutics SA where he supported mainly the strategic positioning and fundraising campaign of the company as a managing partner and administrator.

Dr. Hédou assumes the role of CEO since 17 February 2017 after the resignation of Mr. Petrone. Dr. Hédou resigned from his position of Group CEO with effective date 30 June 2019.

Yves Sagot, Chief Scientific Officer, French national, born in 1964.

Dr. Sagot received his PhD in Neurobiology at the University Paul Sabatier, Toulouse, France, for his work on factors regulating axonal regeneration. He did his postdoctoral studies at the University Medical Center (CMU, University of Geneva) on motoneuron diseases. In 1999, he joined Serono international SA, to work on neurodegenerative and neuroinflammatory diseases as group leader and technological platform leader. In 2001, he received the Serono CEO award for his team building spirit and accomplished work. He had the privilege to bring a biologic towards phase I for an autoimmune disease of the peripheral nervous system. Following Merck KGaA's takeover of Serono in 2007, Dr. Sagot's activities focused on therapeutic target validation for Alzheimer's and Parkinson's diseases through internal and external partnerships with public or private institutions, being acknowledged for his work through the Merck Serono Reward and Recognition award 2008 for innovation and target support. He is one of the founders of Relief Therapeutics SA, acting as managing partner and CSO. In 2014, he completed his training by a Certificate of Advance Studies in Management of Biotech, Medtech and Pharma Ventures at the Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland. Until recently, he maintained his consulting activities as expert on neurodegenerative diseases and target validation for private and public foundations.

Dr. Michel Dreano, Chief Business Officer and Chief Finance Officer, French national, born in 1957.

Refer to the Board of Directors section for a summary of Dr. Dreano's background.

Mr. Dreano resigned from his position of Group CFO and other roles and functions with effective date 30 June 2019.

8.2 Other activities and vested interests

None of the Executive Committee members has any position in governing or supervisory bodies of any major organization, institution or foundation under private or public law, permanent management or consultancy function for major interest groups, official function or political post.

8.3 Management contracts

All members of the Executive Committee have employment agreements with entities of the Group. There are no other management contract in place between the Group and the members of the Executive Committee.

9. Shareholders' participation voting rights and representation restrictions

There are no voting right restrictions stipulated by the Articles, no statutory group clauses and hence no rules for making exceptions. Consequently, there is neither a procedure nor a condition for their cancellation. A shareholder may be represented at any shareholders meeting by his legal representative, the corporate proxy, the independent proxy, by a depositary or by another shareholder.

Statutory quorum

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

Convocation of the general meeting of shareholders

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

Agenda rules

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

Registrations in the share register

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

10. Changes of control and defense measures

The Articles contain an "opting out" clause. Therefore, a purchaser who acquires one third or more of Relief Therapeutics' share capital is not obliged to make a public offering to purchase the remaining shares.

10.1 Clauses on changes of control

No change of control clauses exists in the agreements with members of the Board of Directors, of the Executive Committee and of the Management of the Company. However, a change of control clause is included in the Company's Equity Award Program, allowing for immediate vesting of non-vested options at the time of the change of control.

11. Auditors

11.1 Duration of the mandate and term of office of the lead auditor

The Company's auditors are appointed for a term of office of one year each year at the AGM.

Mazars SA is the Company's auditors since 30 May 2017. The auditor in charge is Mr. Franck Paucod.

11.2 Auditing fees and additional fees

The charge for professional services rendered by the auditors in 2018 (Mazars) were CHF 140'000, essentially for audit services.

The charge for professional services rendered by Mazars for the twelve-month period ended 31 December 2019 were CHF 170'000, thereof CHF 70'000 for audit services for 2019 plus other services provided by Mazars referred to independent audits performed as of 31.06.2019 and 31.12.2019 for CHF 65'000 and CHF 35'000, respectively.

Audit services are defined as the standard audit work that needs to be performed each year in order to issue an opinion on the consolidated financial statements of the Company and to issue reports on the local statutory financial statements where necessary, which includes also the audit of the existence of the Internal Control System.

11.3 Supervisory and control instruments pertaining to the audit

The Board of Directors performs its supervisory and control functions towards the external auditors through the AFC. In particular, the AFC meets with the auditors during the audit process to discuss in depth the audit procedure, any findings made and recommendation proposed. The primary objective of the AFC is to support the Board of Directors in monitoring the Company's Internal Control System, accounting principles, financial reporting and auditing.

12. Information policy

Relief reports to its shareholders, employees, business partners and other public stakeholders in an open, transparent and timely manner. Equal treatment of all stakeholders is the guiding principle behind its approach. In doing so, the Company is able to promote an understanding of its objectives, strategy and business activities, and to ensure and increase awareness therein. The Company has adopted a disclosure policy to protect its interests and assets, to release material information in a timely and controlled manner, to observe the legal requirements and rules and in particular to distinguish competencies and responsibilities of corporate and strategic disclosure.

The most important informational tools are news releases, the Annual Reports, Interim Reports, the Swiss official gazette and the website www.reliefTherapeutics.com as well as the meeting of shareholders.

Investors and other parties interested in subscribing to the Company's news service may do so by registering themselves on www.reliefTherapeutics.com.

Relief Therapeutics Holding SA, Geneva

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

Consolidated balance sheet

TCHF	Notes	31 December 2019	31 December 2018
ASSETS			
Property, plant and equipment	6	-	1
Intangible assets	7	19'600	35'224
Non-current assets		**19'600**	**35'225**
Other current assets and other receivables	9	98	86
Cash and cash equivalents	10	129	265
		227	**351**
Assets held for sale	11	36	-
Current assets		**263**	**351**
Total assets		**19'863**	**35'576**
EQUITY AND LIABILITIES			
Share capital	12	21'139	20'889
Reserves	13	20'665	20'910
Accumulated losses		(27'506)	(20'516)
Equity		**14'298**	**21'283**
Non-current financial liabilities	14	-	4'312
Defined benefit obligation	20	-	567
Deferred tax liabilities	28	2'742	7'454
Non-current liabilities		**2'742**	**12'333**
Trade payables	15	283	119
Financial liabilities due to third parties	16	757	725
Financial liabilities due to related parties	17	982	328
Provisions	18	58	258
Other current payables and liabilities	19	412	530
		2'492	**1'960**
Liabilities directly associated with assets held for sale	11	331	-
Current liabilities		**2'823**	**1'960**
Total equity and liabilities		**19'863**	**35'576**

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

Consolidated statement of comprehensive income

TCHF	Notes	2019	2018
Revenue from contracts with customers	21	-	565
Other gains	22	155	2
Service expense	23	(68)	(55)
Personnel expense	24	(281)	(346)
Other administrative expense	25	(597)	(649)
Other losses	26	(70)	-
EBITDA		**(861)**	**(483)**
Impairment expense	7	(11'200)	-
Depreciation and amortisation expense	6/7	(1)	(17)
Operating result		**(12'062)**	**(500)**
Financial income	27	42	235
Financial expense	27	(142)	(151)
Result before income taxes		**(12'162)**	**(416)**
Income taxes	28.1	4'702	(20)
Result for the period		**(7'460)**	**(436)**
OTHER COMPREHENSIVE INCOME			
Remeasurement of defined benefit obligation	20	470	2
Total items that will not be reclassified subsequently to profit or loss		**470**	**2**
Currency translation differences	13.3	5	5
Total items that may be reclassified subsequently to profit or loss		**5**	**5**
Total other comprehensive income for the year, net of income tax		**475**	**7**
Total comprehensive income for the period		**(6'985)**	**(429)**
EARNINGS PER SHARE			
Basic and diluted earnings per share (in CHF)	30	(0.004)	(0.000)

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

Consolidated cash flow statement

TCHF	Notes	2019	2018
Result for the period		(7'460)	(436)
Adjustments for:			
- Taxes charged	28.1	(4'702)	20
- Impairment expense	7	11'200	-
- Depreciation expense	6,7	1	17
- Finance expenses	27	142	151
- Finance income	27	(42)	(235)
- Interest expenses paid		(3)	(8)
- Income tax paid		(10)	(20)
- Loss on disposal of intangible assets		70	-
- Changes in pension obligations		39	32
- Expenses recognised due to equity-settled share-based payments	29	-	19
Changes in working capital:			
- (Increase) in other receivables and accruals		(37)	(54)
- Increase/(decrease) in trade payables	15	225	(369)
- Increase in financial liabilities due to related parties	17	20	-
- (Decrease)/increase in provisions	18	(200)	144
- Increase in other payables and accrued liabilities	19	29	121
Cash flow used for operating activities		**(728)**	**(618)**
Cash flow from investing activities		**-**	**-**
Proceeds from capital increase	12,13.1	-	748
Proceeds from borrowings	17	600	-
Cash flow from financing activities		**600**	**748**
Net (decrease)/increase in cash and cash equivalents		**(128)**	**130**
Cash and cash equivalents at beginning of period		265	135
Cash and cash equivalents at end of period		**137**	**265**
included in cash and cash equivalents	10	129	265
included in assets held for sale	11	8	-

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

Consolidated statement of changes in equity

TCHF	Notes	Share capital	Reserves	Accumulated loss	Total
Balance at 1 January 2018		**20'066**	**20'961**	**(20'082)**	**20'945**
Result for the period		-	-	(436)	(436)
Other comprehensive income for the period, net of income tax		-	5	2	7
Total comprehensive income for the period		**-**	**5**	**(434)**	**(429)**
Capital increase	12	448	50	-	498
Unregistered SSF draw downs	13.1	-	250	-	250
Previously unregistered SSF draw downs reclassified to share capital	13.1	375	(375)	-	-
Share-based payments	13.2/29	-	19	-	19
Balance at 31 December 2018		**20'889**	**20'910**	**(20'516)**	**21'283**
Balance at 1 January 2019		**20'889**	**20'910**	**(20'516)**	**21'283**
Result for the period		-	-	(7'460)	(7'460)
Other comprehensive income for the period, net of income tax		-	5	470	475
Total comprehensive income for the period		**-**	**5**	**(6'990)**	**(6'985)**
Capital increase	12	-	-	-	-
Unregistered SSF draw down	13.1	-	-	-	-
Previously unregistered SSF draw downs reclassified to share capital	13.1	250	(250)	-	-
Share-based payments	13.2/29	-	-	-	-
Balance at 31 December 2019		**21'139**	**20'665**	**(27'506)**	**14'298**

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

Notes to the consolidated financial statements

1. General information

RELIEF THERAPEUTICS Holding SA ("Relief", the "Company" or the "Group") is a Swiss stock corporation listed on the SIX Swiss Exchange whose registered office is Avenue de Sécheron 15, 1202 Geneva, Switzerland.

The combined Group is focused on the development and/or licensing of its portfolio of medicinal product candidates (MPCs). Its two most promising MPCs are Aviptadil (for respiratory indications such as sarcoidosis and pulmonary hypertension) and atexakin alfa (for the treatment of neuropathies). While Relief acquired in April 2018 two products under development from the privately held French biotechnology company Genclis SA ("Genclis") namely artificial colostrum and hypoallergenic milk produced without hydrolysis, for strategic reasons, both products were returned to Genclis and all related licensing and sublicensing agreements terminated on June 2019. In addition, Relief divested its subsidiary Relief Therapeutics SA, the focus of which was to develop atexakin alfa, to Sonnet BioTherapeutics, Inc., through a Share Exchange Agreement executed on 12 August 2019 and closed on 1 April 2020. Through this transaction, Relief intends to refocus its activities on the clinical development of Aviptadil for respiratory diseases, in particular for Acute Respiratory Distress Syndrome ("ARDS") induced by COVID-19 infection. Following the completion of an initial clinical trial in the ARDS indication, positive data may pave the way for the further development of Aviptadil in additional indications in the respiratory disease arena.

The consolidated financial statements are presented in Swiss Francs (CHF).

2. Application of new and revised International Financial Reporting Standards

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the current year. None of the revised Standards has had a material effect on these financial statements. The details of the revised Standards and the new Interpretation are as follows:

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 "Leases" ("IAS 17") and its associated interpretative guidance. IFRS 16 applies a right to control model to the identification of leases, distinguishing between leases and service contracts. In accordance with IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The date of initial application of IFRS 16 for the Group was 1 January 2019.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and the requirement for lease liabilities and right of use assets to be recognized on the balance sheet for almost all leases (subject to limited exceptions for short-term leases and leases of low value assets). For short term leases (lease term of 12 months or less) and leases of low value assets, the Company opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16 (i.e. the same accounting treatment as under superseded IAS 17).

As of 1 January 2019, the Group had non-cancellable operating lease commitments of TCHF 8. The entire lease commitments relate to short term leases with a cancellation period of three months for the lessee (6 months for the lessor), and hence, as of 1 January 2019, the Group did not have any impact on first-time application of IFRS 16.

The Group made use of the practical expedient available on transition to IFRS 16, and did not reassess whether a contract is, or contains, a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 "Determining whether an Arrangement Contains a Lease" ("IFRIC 4") will continue to apply to those leases entered or modified before 1 January 2019.

IAS28 Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in associates and joint ventures.

IAS19 Employee Benefits (Amendments)

Amends IAS 19 Employee Benefits, to clarify the following aspects:

Past service cost (or the gain or loss on settlement)

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognized in the normal manner in other comprehensive income.

Current service cost and net interest on the net defined benefit liability (asset)

An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The adoption of the amendments of IAS 19 has not had any impact on the Group's financial statements.

IFRS 9 Financial Instruments (Amendments)

Amends IFRS 9 Financial Instruments in relation to Prepayment Features with Negative Compensation, to clarify the following aspects:

The amendments clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments have no impact on the financial statements of the Group.

Amendments resulting from annual improvements 2015-2017 Cycle

IAS 12 Income Taxes - clarifies that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs - clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 Business combinations – clarifies that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

IFRS 11 Joint arrangements – clarifies that an entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments have no impact on the financial statements of the Group.

IFRIC 23 Uncertainty over Income Tax Treatment

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings;
- if yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings;
- if no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The interpretation has no impact on the financial statements of the Group.

2.2 Standards and Interpretations in issue but not yet effective

At the date of authorization of these financial statements, the Group does not expect any significant impact from the new or amended Standards and Interpretations mentioned below:

	New, amended and revised Standards and Interpretations	Effective from
IFRS 3	Amends IFRS 3 Business Combinations to clarify the definition of business based on the defined terms, the application guidance and illustrative examples	Annual period beginning on or after 1 January 2020
Various	The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of "material" and align the definition used in the Conceptual Framework and the standards.	Annual periods beginning on or after 1 January 2020

The Group has not applied any Standards or Interpretations before their effective date.

3. Summary of significant accounting policies

3.1 Basis of preparation

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

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The actual outcome may differ from the assumptions and estimates made. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The areas involving higher degrees of judgement or complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Some amounts in the balance sheet of the comparative period were reclassified for comparability purposes with no impact regarding the disclosure as current versus non-current.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- Any contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

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

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

3.3 Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle which is 12 months;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle which is 12 months;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

3.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker.

The accounting policies used for segment reporting are the same as those used for the preparation of these financial statements.

3.5 Business combinations and goodwill

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

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

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

If the entity that issues the shares (the legal acquirer) is identified as the acquiree for accounting purposes, the entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. Consolidated financial statements prepared following a reverse acquisition are issued under the name of the Company but described in the notes as a continuation of the financial statements of the legal subsidiary, with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the Company. That adjustment is required to reflect the capital of the Company.

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

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

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

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

3.6 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

3.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical costs include expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate costs to residual values over each asset's estimated useful lives, which for furniture and equipment as well as IT equipment is 3-5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount (higher of value in use and fair value less costs to sell), it is written down immediately to its recoverable amount.

3.8 Intangible assets

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

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

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

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

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

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

3.9 Leases

Accounting policies applicable from 1 January 2019

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

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

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment on exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the leases payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset unless those costs are incurred to produce inventory.

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Impairment of non-financial assets” policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the lines “cost of sales” and “administrative expenses” in the statement of profit or loss. Currently, the Group does not have such variable rents.

Accounting policies applicable prior to 1 January 2019

Leases under which substantially all of the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

3.10 Financial assets

Classification

The Group has only financial assets classified within the category "financial assets at amortized cost". The classification at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's financial assets at amortized cost include other current assets and other receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Recognition and measurement

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

A financial asset is derecognized when:

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

Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

3.11 Cash and cash equivalents

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

3.12 Financial liabilities

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

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

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

3.13 Current and deferred income tax

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

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

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

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

3.14 Fair values

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

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

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

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

3.15 Revenue

Revenue from contracts with customers is recognized when control of the services provided are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must be met before revenue is recognized:

Rendering of services

Sublicense agreements

As signing fees are received upon signing of the contracts without any further performance obligations of the Group and success fees are due upon reaching certain milestones, such revenues are recognized upon signing of the contract or reaching of the agreed milestones. In the case of the contract signed with H&H in 2018, the total amount received of EUR 0.5 million was considered a fixed consideration corresponding to the signing fee.

Collaboration agreements

Whenever amounts are received from collaboration agreements which are passed on to third-party service companies, the amounts received and paid are not recognized through the statement of comprehensive income.

3.16 Research and development costs

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

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

3.17 Employee benefits

General

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

Pension obligations

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

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

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

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

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

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

3.18 Share based payments

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

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

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

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

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

3.19 Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Comparative figures in the financial statements for prior periods presented are not restated as a result of the change in the plan to sell.

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

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

4.1 Critical judgements in applying accounting policies

Going concern

Over the last years, the Group has been facing some difficulties that resulted in an excess of current liabilities over current assets of TCHF 2'560 at 31 December 2019. (31 December 2018: TCHF 1'609).

In 2019, the Group mainly relied on its current cash balance and financing instruments. In addition, the Group received funding through loans executed with its main shareholder GEM for an aggregated amount of TCHF 600.

In order to provide a future stream of income as well as an immediate boost to its cash position, Management has reoriented the main strategy of the Group. The Group has signed on 12 August 2019 a Share Exchange Agreement ("SEA") with the US-based private biotechnology company Sonnet BioTherapeutics, Inc. ("Sonnet") for the divestment of its subsidiary Relief Therapeutics SA ("Relief SA") and its portfolio of projects related to atexakin alfa. Upon closing, Relief SA will receive 757'933 of the listed shares of Sonnet BioTherapeutics Holdings, Inc. ("Sonnet Holding"), the Nasdaq-listed mother company of Sonnet against the 208'163 shares of Relief SA owned by the Group, Relief SA becoming thereby a fully-owned subsidiary of Sonnet. Under the terms of the SEA, Relief SA is allowed to immediately sell on the market 17% of the Sonnet Holdings' shares received. 15% of the total number of shares received will be used to pay Merck pursuant to the change of control article of the License Agreement signed with Ares Trading in August 2015 for the acquisition of atexakin alfa while 2% can be sold to cover Relief SA's expenses related to the execution of the SEA. The remaining 83% of the Sonnet Holdings' shares are immediately tradable providing that Relief SA does not sell more than 10% of the average daily share exchange volume per day.

In addition, the Group has returned the two projects acquired from Genclis SA, namely artificial colostrum and hypoallergenic milk and ended the collaboration with the Hong-Kong-based company Health and Happiness in June 2019. Although this cancellation eliminates the potentials for future incomes through milestones and royalty payments, it also relieves the Group from liabilities due to Genclis for the delayed upfront payment that was to be due in March 2020.

The agreement with the University of Freiburg is still in place for the development of Aviptadil in Sarcoidosis that is supported by a grant from the German Research Foundation (Deutsche Forschungsgemeinschaft – DFG). In addition, the licensing agreement with the Turkey-based company Centurion that is committed to develop Aviptadil for Sarcoidosis in Turkey and neighboring countries is still valid. Finally, the Group has signed an option agreement for a future out-licensing of Aviptadil for the treatment of Sarcoidosis and acute lung injury to the UK-based clinical development company Seren Clinical reaching defined milestones. Once these developments will have progressed, the Group may receive non-dilutive funds via milestones and royalty payments.

Since 11 March 2020, Relief published 7 press releases announcing its intention to develop in the clinic Aviptadil for respiratory diseases, in particular for Acute Respiratory Distress Syndrome ("ARDS") induced by COVID-19 infection. This strategic decision together with the divestment mentioned above allow the company to focus its limited resources on one single clinical development program with high potential. In collaboration with the privately-held US-based company NeuroRx, which was granted from the Food and Drug Administration ("FDA") an IND "Study May Proceed" (see newsletter dated of 29 March, 2020), the Company and NeuroRx have been joining forces to conduct a clinical trial for Aviptadil in COVID-19-induced Acute Respiratory Distress Syndrome ("ARDS"). This trial will be conducted at Rambam Healthcare Campus in coordination with the Government of Israel. These announcements have significantly revalued the Relief share price on the SIX market allowing Management to revisit the possibility of requesting a draw down on the SSF for an aggregated number of 75'000'000 shares. During the period spanning late March and April 2020, Management could not decide on the amount that should be drawn down due to market and price volatility; however, they were confident that the total amount of the proceeds to be received from the aggregated number of shares available under the SSF together with other cash injections such as warrants or options exercises would cover the costs of Aviptadil development for COVID-19 complications as well as the Company's daily activities.

Finally, efforts to raise cash through traditional financing methods such as attracting new investors and the issuance of debt and equity instruments are still made in order to finance its continuing operations for the upcoming year. Given the current improvement of the Company share price and its current projects in the area of COVID-19 pandemic, Management is confident that these efforts will lead rapidly to new cash entries.

GEM Global yield fund LLC SCS, has always confirmed its intention, by letters of comfort, to take the measures necessary – either by waiving certain restrictions of the SSF or through other means – to ensure that the Group will have sufficient funds to allow it to meet its financial obligations. With the same objective, GEM also agreed to amend the SSF agreement in place on 17 September 2018 by prolonging its term for an additional two years until the end of December 2020 and by increasing the total aggregate amount by CHF 20 million for a new total of CHF 44.1 million. Until 31 December 2019, there were total draw-downs of the SSF of 107.3 million shares representing a cash injection of TCHF 1'153 which decreased the remaining balance on the current SSF to CHF 43.8 million.

Management is therefore aware that the Group is running through difficult times but it is confident that the current measures taken and planned present a high likelihood of occurrence. These measures will allow the Company to ensure its operations for the foreseeable future. In such a case, Management considers that all aspects are in place to secure that the Company is able to continue as a going concern.

4.2 Key sources of estimation uncertainty

Impairment of intangible assets

Determining whether intangible assets are impaired requires management to estimate the recoverable value of the cash generating unit to which the intangible assets are attributable. If the recoverable value of the cash generating unit is lower than the carrying amount of the cash generating unit to which the intangible assets have been allocated, impairment is recorded.

The carrying amount of intangible assets at the end of the current reporting period is TCHF 19'600 (31 December 2018: TCHF 35'224). The recoverability of intangible assets is tested for impairment annually during the fourth quarter, or earlier, if an indication of impairment exists. The annual impairment test was done at 31 December 2019.

In 2019, the recoverable amounts of intangible assets were calculated using the discounted cash flow method. The significant assumptions are disclosed in note 7. At 31 December 2019, the impairment test showed an impairment of TCHF 11'200 (31 December 2018: none). Changes to the assumptions may result in impairment losses or impairment reversals in subsequent periods. The value in use of Aviptadil was calculated based on the treatment scenario of Sarcoidosis in line with the 2018 impairment test.

Deferred income taxes

The determination of the recoverability of deferred income tax assets is based on the judgment of Management. Deferred income tax assets are only recognized if it is probable that they can be used in the future. Whether or not they can be used depends on whether the tax deductible temporary difference can be offset against future taxable profits. In order to assess the probability of their future use, Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At 31 December 2019 and at 31 December 2018, deferred income tax assets amounted to TCHF 0 (refer to note 28.4 for further details on unrecognized deferred tax assets). Such deferred tax assets are only recorded when it becomes evident that sufficient future taxable profits are probable. Deferred income tax assets are written down in the same period in which the latest assessment of recoverability indicates a lower value than currently recorded in the financial statements.

Retirement benefit obligations

The retirement benefit obligation is calculated on the basis of various financial and actuarial assumptions. The key assumptions for assessing these obligations are the discount rate, future salary and pension increases and the probability of the employee reaching retirement. The calculations were done by external experts and the principal assumptions used are summarized in note 20. At 31 December 2019, the underfunding amounted to TCHF 0 (31 December 2018: TCHF 567). Using other assumptions for the calculations could have led to different results.

5. Segment information

5.1 Description of segment

The Group has only one business stream. It focusses on the development and/or licensing of its portfolio of medicinal products candidates (MPCs). This is further explained in note 1.

5.2 Geographical information

The Group currently only operates in Switzerland; therefore, no separate geographical information is presented. The two subsidiaries in USA and Hungary are dormant and/or in liquidation.

6. Property, plant and equipment

TCHF	Furniture and Equipment	IT Equipment	Total
COST			
Balance at 1 January 2018	**11**	**7**	**18**
Additions	-	-	**-**
Balance at 31 December 2018	**11**	**7**	**18**
Additions	-	-	**-**
Reclassified as assets held for sale (note 11)	(4)	(7)	**(11)**
Balance at 31 December 2019	**7**	**-**	**7**
ACCUMULATED DEPRECIATION			
Balance at 1 January 2018	**(9)**	**(4)**	**(13)**
Depreciation expense	(1)	(3)	**(4)**
Balance at 31 December 2018	**(10)**	**(7)**	**(17)**
Reclassified as assets held for sale (note 11)	4	7	**11**
Depreciation expense	(1)	-	**(1)**
Balance at 31 December 2019	**(7)**	**-**	**(7)**
CARRYING AMOUNT			
at 31 December 2018	1	-	1
at 31 December 2019	**-**	**-**	**-**

7. Intangible assets

TCHF	Aviptadil	Milk	Colostrum	Total
COST				
Balance at 1 January 2018	**30'800**	**-**	**-**	**30'800**
Additions	-	2'863	1'575	**4'438**
Balance at 31 December 2018	**30'800**	**2'863**	**1'575**	**35'238**
Disposal	-	(2'863)	(1'575)	**(4'438)**
Balance at 31 December 2019	**30'800**	**-**	**-**	**30'800**
ACCUMULATED DEPRECIATION				
Balance at 1 January 2018	**-**	**-**	**-**	**-**
Amortisation expense	-	(14)	-	**(14)**
Balance at 31 December 2018	**-**	**(14)**	**-**	**(14)**
Impairment loss	(11'200)	-	-	**(11'200)**
Disposal	-	14	-	**14**
Balance at 31 December 2019	**(11'200)**	**-**	**-**	**(11'200)**
CARRYING AMOUNT				
at 31 December 2018	30'800	2'849	1'575	35'224
at 31 December 2019	**19'600**	**-**	**-**	**19'600**

Intangible assets of TCHF 19'600 relate to medicinal product candidate Aviptadil, which was acquired during the business combination in 2016. Once the intangible asset is available for use, the asset will be depreciated over its useful life. As the Group expects a delayed market entry from 2023 to 2026, the Group conducted a novel impairment of this intangible which accounted for in this year annual report. The impairment test, which is described further below, resulted in an impairment loss of TCHF 11'200.

In April 2018, the Company signed an in-licensing agreement with a third party (Genclis) where it acquired exclusive worldwide commercial and manufacturing sub-licensable rights for the two human applications "Hypoallergenic Milk" and "Artificial Colostrum" which are protected by patents of this third party, for a total amount of TCHF 4'438.

As of 26 June 2019, the collaboration agreement with Genclis was cancelled and the sublicense agreement with H&H was terminated with the Company and established directly between H&H and Genclis. The licenses for the two assets recognized as intangibles with a carrying amount of TCHF 4'424 were returned to Genclis and derecognized. As a consequence, the liabilities in relation to the deferred payments of TCHF 4'354 were cancelled and also derecognized without any further consideration to be paid. The loss of TCHF 70 resulting from the difference between the carrying amount of the intangible assets and the carrying amount of the non-current financial liabilities (note 14) is recognized as other losses in the statement of comprehensive income.

7.1 Impairment test at 31 December 2019

The Group performed its annual impairment test of Aviptadil. The valuation was done using best-practice pharma compound valuation model, which is a probability weighted discounted cash flow model (value in use valuation). This valuation is valid as of 31 December 2019, therefore the recent plans to develop Aviptadil for COVID-19 complications have not been integrated in the current model and only commercial perspectives for Aviptadil for Sarcoidosis have been taken into consideration for this impairment test. A discount rate of 17% (2018: 15%) was used for this out-licensing program valuation due to the venture capital character of such an out-licensing program and the current development stage. For revenue based on out-licensing of rights owned by the Group, the expected revenue from the out-licensing agreement was forecasted for the entire licensing period. The key assumptions used in the best-practice pharma compound valuation include sales growth rate and period required to commercialize the development program in order to have cash inflows. Growth rate is based on the expected sales cycle. The cash flows are based on market analyses performed by a third party. This includes for example the number of patients who could benefit from this treatment. It is to be noted that while this number is continuously revised on the rise based on the sensitization of doctors to the disease and environmental factors causing the condition, Management has adopted a conservative position as to only partially reflect the increase of the patient population over years. The period over which Management has projected cash flows is greater than five years as, based on comparable market data and information, the development and commercialization of the compound will take significantly longer and Management was able to access to reliable data to determine the key assumptions.

Using the same model as for the prior year impairment test with a delayed market entry of 2026 instead of 2023 and not considering the recent plans to develop Aviptadil for COVID-19 complications, reduced the recoverable amount of the intangible asset to TCHF 19'600 leading to an impairment loss of TCHF 11'200. As the plans to develop Aviptadil for COVID-19 complications only matured in the first quarter of 2020, they could not be included in the valuation considerations as at 31 December 2019, hence representing a non-adjusting subsequent event. An impairment test based on the COVID-19 development plans most likely would have led to a different result.

7.2 Sensitivity analysis in relation to the impairment test at 31 December 2019

Sensitivity analysis related to sales curve adjustments (in TCHF)

	10%	**15%**	**20%**	**25%**	**30%**
15%	12'877	15'360	17'843	20'325	22'808
10%	13'731	16'214	18'697	21'180	23'663
5%	14'671	17'154	**19'637**	22'120	24'602

Management assumes a market share of 33% as no competing products appear to be on the market. Sarcoidosis is considered an Orphan indication that is not targeted by large pharma and biotech companies. Based on the current model, a ramp-up to the peak level sales is assumed with a decline of 5% per year for the remaining protected period and a two-year decline of 25% per year after the expiration of the patent or Orphan Drug Status, respectively. When assuming a ramp-up of 10% with a sales curve decline of 15% per year, the net realizable value would decrease to TCHF 12'877, whereas a ramp-up of 30% with a sales curve decline of 5% per year would result in a net realizable value of CHF 24'602.

Sensitivity analysis related to royalty rates (in TCHF)

5%	**7%**	**8%**	**10%**	**12%**
8'551	11'877	15'203	**19'637**	24'071

Based on market indications, Management expects a royalty rate of 10% per unit sold with a possible drop to 5%. The value in use decreases significantly to TCHF 8'551 in case a royalty rate of 5% is used.

Sensitivity analysis related to discount rate (in TCHF)

10%	15%	17%	19%	22%
41'318	24'205	**19'637**	15'959	11'712

Market research has indicated that a discount rate of 17% for a middle stage development is considered reasonable. As this will always be an estimation, a range of discount rates was used. The proposed discount rate in the sensitivity analysis, based on a survey by Avance (2011) provided a minimum discount rate of 10% and a maximum discount rate of 22%, which would result in a value in use of TCHF 41'318 and TCHF 11'712, respectively.

Sensitivity analysis related to US prevalence (in TCHF)

192	300	400	600	800
10'020	12'566	14'923	**19'637**	24'351

One of the main drivers of the sales curve for Aviptadil is based on the prevalence estimated by Management. A sensitivity analysis indicating the difference of the US prevalence of 600/1m used for the impairment model indicated a value of TCHF 19'637, whereas the US prevalence of 192/1m applied in the valuation model in the prior year, would have resulted in an estimated value in use of TCHF 10'020. The change in US prevalence was mainly explained by an update of the outdated information performed by Management, as the number of patients with Sarcoidosis has been significantly and steadily increasing over the past few years.

Sensitivity analysis related to success probability and discount rate based on Management assumptions (in TCHF)

	25%	30%	35%	40%	45%
15%	14'135	17'491	20'848	24'205	27'562
17%	11'306	14'083	16'860	**19'637**	22'413
20%	8'068	10'176	12'285	14'393	16'501

Further sensitivity analysis was carried out to show the impact from a change in discount rate in combination with a change in success probability. Using a discount rate of 20% and a success probability of 25% would result in a value in use of TCHF 8'068, whereas using a discount rate of 15% and a success probability of 45% would result in a value in use of TCHF 27'562.

Sensitivity analysis related to market entry date (in TCHF)

2026	2027	2028
19'637	15'898	12'799

Due to the current delay in the Aviptadil program, the effect of a further market delay of one and two years was considered, resulting in net present values of TCHF 15'898 and TCHF 12'799, respectively.

8. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Domicile	Proportion of ownership interest and voting power	
			31.12.19	31.12.18
THERAMetrics Discovery AG	Commercial exploitation of patents, licences, trademarks	Geneva (CH)	100%	100%
Relief Therapeutics SA	Commercial exploitation of patents, licences, trademarks	Geneva (CH)	100%	100%

There were no significant judgements to assess control as the Group has 100% of voting power.

9. Other current assets and other receivables

TCHF	31 December 2019	31 December 2018
VAT receivables	87	15
Prepaid expenses	9	62
Deposits with others	2	7
Other current receivables	-	2
Total	**98**	**86**

Other current assets and other receivables are neither impaired nor overdue.

10. Cash and cash equivalents

TCHF	31 December 2019	31 December 2018
Bank deposits	129	264
Cash on hand	-	1
Total	**129**	**265**

11. Assets held for sale

TCHF	31 December 2019	31 December 2018
ASSETS HELD FOR SALE		
Related to Relief Therapeutics SA	36	-
Total assets held for sale	**36**	**-**
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		
Related to Relief Therapeutics SA	331	-
Total liabilities direclty associated with assets classified as held for sale	**331**	**-**

On 12 August 2019, the Company announced the execution of a binding Share Exchange Agreement ("SEA") for the divestment of its subsidiary Relief Therapeutics SA to Sonnet BioTherapeutics Inc. Pursuant to the terms of the SEA Sonnet had to meet certain condition precedents including its listing on a US stock market before closing could occur. On 2 April 2020, Relief announced the closing of SEA between Sonnet BioTherapeutics, Inc. ("Sonnet"), now a subsidiary of Sonnet BioTherapeutics Holdings, Inc. (formerly known as Chanticleer Holdings, Inc.) (Nasdaq:SONN, "Sonnet Holdings") and Relief Therapeutics SA ("Relief SA"). For further information refer to the subsequent event in note 36.1.

The disposal group does not qualify as discontinued operation as it is neither a separate major line of business nor geographical area of operations.

There are gains from the remeasurement of defined benefit obligations in the amount of TCHF 470 recognized in other comprehensive income for 2019, which also represents a cumulative income of TCHF 266 at December 31, 2019 recorded in Other Comprehensive Income since the reverse merger with THERAMetrics Holding AG.

The assets held for sale and the liabilities associated with assets held for sale were reclassified from the following categories of assets and liabilities:

TCHF	31 December 2019	31 December 2018
Current assets		
Other current assets and other current receivables	28	-
Cash and cash equivalents	8	-
Assets classified as held for sale	**36**	**-**
Non-current liabilities		
Defined benefit obligation	136	-
Current liabilities		
Trade payables	55	-
Other current payables and liabilities	140	-
Liabilities directly associated with assets classified as held for sale	**331**	**-**
Net liabilities classified as disposal group	**295**	**-**

The above amounts represent the carrying amounts on date of reclassification. No adjustments to fair value less cost to sell had to be made.

12.Share capital

	Number of common shares		Nominal value of share capital (TCHF)	
	2019	2018	2019	2018
Balance at beginning of year	2'088'920'472	2'006'627'375	20'889	20'066
Issuance of common shares	24'998'800	82'293'097	250	823
Balance at end of year	**2'113'919'272**	**2'088'920'472**	**21'139**	**20'889**

12.1 Issued share capital

At 31 December 2019, the issued share capital amounts to TCHF 21'139, consisting of 2'113'919'272 fully paid registered shares with a par value of CHF 0.01. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares and amounts paid on the shares held.

Capital increases 2019

In May 2019, the SSF draw-down of 2018, which was not yet registered at the commercial register as at 31 December 2018, was registered. As the unregistered draw-down of the SSF in 2018 so far was shown within share premium reserve and not as increase in share capital, the registration led to a reclassification from share premium reserve to issued share capital.

Capital increases 2018

In January 2018, the SSF was drawn-down by 44.8 million ordinary shares at a nominal value of CHF 0.01 resulting in a capital increase of TCHF 448. As the SSF was drawn-down at a share price of CHF 0.0123, additional paid in capital of TCHF 50 was recognized within reserves.

Further, in June 2018, all capital increases of 2016 and 2017, which were not yet registered at the commercial register as at 31 December 2017, were registered. As the unregistered draw-downs of the SSF in 2017 so far were shown within share premium reserve and not as increase in share capital, the registration led to a reclassification from share premium reserve to issued share capital. All other unregistered capital increases were already recognized as increases in issued share capital and therefore had no impact on these financial statements.

12.2 Authorized share capital

At 31 December 2019, the Company had authorized, but not yet issued, nominal share capital of TCHF 10'569, consisting of 1'056'959'600 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time until 14 June 2021.

12.3 Conditional share capital

The conditional share capital of the Company as at 31 December 2019 was TCHF 10'569 (2018: TCHF 7'628), consisting of 1'056'959'622 (2018: 762'800'430) registered shares with a par value of CHF 0.01 each, of which 190'000'000 (2018: 190'000'000) to be used for share options for members of the Board of Directors, Executive Management, employees and consultants as well as 866'959'622 (2018: 572'800'430) to be used for the exercise of conversion option rights granted in connection with bonds, notes or similar debt instruments issued by the Company.

The number of warrants outstanding issued by the Group was 590'000'000 as at 31 December 2019 and 31 December 2018. The warrants were granted in 2017 giving the right to the warrant holder to buy and equal number of shares of the Company at an exercise price of CHF 0.01.

12.4 Significant shareholders

The following significant shareholders are known to us:

	2019		2018	
	Number of shares	%	Number of shares	%
GEM	566'154'033	26.8%	563'155'233	27.0%
Founders of Relief Therapeutics SA	432'661'784	20.5%	530'981'384	25.4%
FIN POSILLIPO S.p.A	-	0.0%	286'824'849	13.7%
PIERREL S.p.A.	1'649'740	0.1%	43'747'149	2.1%
Others	1'113'453'715	52.6%	664'211'857	31.8%
	2'113'919'272	**100.0%**	**2'088'920'472**	**100.0%**

13. Reserves

TCHF	31 December 2019	31 December 2018
Share premium (note 13.1)	20'451	20'701
Share-based payment reserve (note 13.2)	180	180
Foreign currency translation reserve (note 13.3)	34	29
Total	**20'665**	**20'910**

13.1 Share premium

TCHF	2019	2018
Balance at beginning of year	20'701	20'776
Additional paid in capital in capital increase	-	50
Registered SSF draw downs reclassified to issued share capital (i)	(250)	(375)
Unregistered SSF draw downs (i)	-	250
Balance at end of year	**20'451**	**20'701**

(i) In August 2018, the SSF was drawn down by an amount of TCHF 250, eventually leading to an increase in share capital of TCHF 250 (25 million shares). As the draw down was not yet registered in the commercial register and not recorded at SIX, it was shown as increase in share premium. In 2019, upon registration in the commercial register, the total nominal amount of TCHF 250 was reclassified from share premium reserve to issued share capital.

13.2 Share-based payment reserve

TCHF	2019	2018
Balance at beginning of year	180	161
Share-based payments granted and vested (i)	-	19
Balance at end of year	**180**	**180**

(i) For detailed information refer to note 29.

13.3 Foreign currency translation reserve

TCHF	2019	2018
Balance at beginning of year	29	24
Exchange differences arising on translating foreign operations	5	5
Balance at end of year	**34**	**29**

The exchange differences are related to two subsidiaries in USA and Hungary which are dormant and/or under liquidation.

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (CHF) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve in respect of translating the results and net assets of foreign operations are reclassified to profit or loss on the disposal of the foreign operation.

14. Non-current financial liabilities

Non-current payables in the total amount of TCHF 4'312, which related to the acquisition of the licenses in 2018 (note 7), for which payment was deferred until April 2020 and 2022, were derecognized in June 2019 due to the cancellation of the collaboration with Genclis. For further information refer to note 7.

15. Trade payables

TCHF	31 December 2019	31 December 2018
Related to development expenses	110	108
Related to accounting, legal and consulting expenses	159	3
Related to other expenses	14	8
Total	**283**	**119**

16. Financial liabilities due to third parties

These financial liabilities are due to a former subsidiary of the Group. Until repayment, the unpaid balance accrues interest at a rate of 8% per annum. The financial liabilities do not have a fixed repayment date. Also refer to note 31.3.

17. Financial liabilities due to related parties

Financial liabilities due to related parties mainly consist of the following:

- A shareholders' loan of TCHF 344 due to GEM which accrues interest of 4% above the based rate of Barclays Bank PLC. The repayment date is not defined.
- Further, on 29 April 2019, the Company received a secured promissory note of TCHF 300 from GEM repayable on demand on or after 30 April 2019 bearing an interest of 5% above the USD Libor. The secured interests on this promissory note shall consist of duly registered liens on all the intellectual property rights pertaining to the patents, pending patents, licensing rights, sub-licensing right fee and emoluments of any nature owned by the Group and its affiliates as at 29 April 2019.
- On 25 August 2019, GEM and the Company entered into a TCHF 300 promissory note repayable on demand after 25 August 2020 and bearing an interest of 4% above the base rate of Barclays Bank PLC.
- The Company settled a litigation for which GEM paid TCHF 20 on behalf of the Company. The amount was still outstanding at December 31, 2019 (nil : 2018).

18. Provisions

TCHF	Litigations	Total
At 1 January 1 2019	258	**258**
Arising during the year	-	**-**
Utilised	(64)	**(64)**
Unused amounts reversed	(136)	**(136)**
At 31 December 2019	58	**58**
Current	58	**58**
Non-current	-	-

The decrease is due to settled litigation cases which resulted in a gain from unused provision of TCHF 136 (note 22). Also refer to note 35.1. The cash-outflow related to the remaining balance at 31 December 2019 is expected to take place in 2020, hence provisions are shown as current.

19. Other current payables and liabilities

TCHF	31 December 2019	31 December 2018
Accrued holiday	-	8
Payable to social security institutions	-	10
Accrued expenses	346	441
Prepayments received	38	41
Other current liabilities	28	30
Total	**412**	**530**

At 31 December 2019 and 2018, accrued expenses mainly relate to professional service fees and taxes payable (other than income tax), as well as accrued expenses in relation to past company transactions.

20. Defined benefit obligations

The Group participates in a Swiss pension plan which qualify as defined benefit plan under the requirements of IAS 19.

The Group operates fund defined benefit plans for qualifying employees in Switzerland. Under the plan, the employees are entitled to retirement benefits and risk insurance for death and disability. No other post-retirement benefits are provided to these employees. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 31 December 2019. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Swiss pension plans need to be administered by a separate pension fund that is legally separated from the entity. The law prescribes certain minimum benefits.

The pension plan is managed by collective funds with "Patrimonia Fondation". The board of the pension fund is composed of an equal number of representatives from both employers and employees.

Due to the requirements of IAS 19 the above-mentioned pension plan is classified as defined benefit plans and is described in detail in the corresponding statues and regulations.

The contributions of employers and employees in general are defined in percentages of the insured salary. Interest is credited to the employees' accounts at the minimum rate provided in the plan, payment of which is guaranteed by the insurance contract as described below. The retirement pension is calculated based on the old-age credit balance on retirement multiplied by the fixed conversion rate. The employee has the option to withdraw the capital at once. The death and disability pensions are defined as percentage of the insured salary. The assets are invested directly with the corresponding pension funds.

The fully reinsured pension fund has concluded insurance contracts to cover the insurance and investment risk. The board of the pension fund is responsible for the investment of assets and the investment strategy is defined in a way that the benefits can be paid out on due date. For accounting purposes this insurance contract represents the sole asset of the plan. Fair value of plan asset is the estimated cash surrender value at the respective balance sheet date.

The pension fund can change its financing system (contributions and future payments) at any time. Also, when there is a deficit which cannot be eliminated through other measures, the pension fund can oblige the entity to pay a restructuring contribution. For the pension fund of the Group such a deficit currently cannot occur as the plan is fully reinsured. However, the pension fund could cancel the contract and the entities of the Group would have to join another pension fund. In the current and comparative period no plan amendments, curtailments or settlements occurred.

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

TCHF	2019	2018
Current service cost	56	42
Past service cost (i)	(11)	-
Net interest expense	4	3
Administration cost excl. cost for managing plan assets	2	1
Expense recognised in profit or loss	**51**	**46**

(i) During 2019, changes to the future conversion factors used to convert a participant's account balance into a pension at retirement were approved. The impact of this change resulted in a decrease in the defined benefit obligation of TCHF 12, such that this amount is immediately recognized as past service cost in profit or loss.

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

TCHF	2019	2018
Remeasurement (gain)/loss on defined benefit obligation		
due to changes in demographic assumptions	-	-
due to changes in financial assumptions	64	(77)
due to changes in experience adjustments (i)	(539)	97
Return on plan assets excl. interest income	5	(22)
(Income) recognised in other comprehensive income	**(470)**	**(2)**

(i) In 2019, the remeasurement gain due to changes in experience adjustments is mainly due to the departure of the CEO and former CFO. As the departures were voluntary, they were treated as regular terminations and therefore reflected in other comprehensive income as an experience adjustment.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

TCHF	31 December 2019	31 December 2018
Present value of funded defined benefit obligation	-	2'200
Fair value of plan assets	-	(1'633)
Net liability arising from defined benefit obligation	**-**	**567**

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

TCHF	2019	2018
Opening defined benefit obligation	2'200	1'982
Current service cost	56	42
Past service cost	(11)	-
Interest expense on defined benefit obligation	17	12
Contributions from plan participants	12	14
Benefits (paid)/deposited	(1'292)	130
Remeasurement (gain)/loss due to changes in demographic assumptions	-	-
Remeasurement (gain)/loss due to changes in financial assumptions	64	(77)
Remeasurement (gain)/loss due to changes in experience adjustments	(539)	97
Reclassified as disposal group (note 11)	(507)	-
Closing defined benefit obligation	**-**	**2'200**

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

TCHF	2019	2018
Opening fair value of plan assets	1'633	1'445
Interest income on plan assets	13	9
Return on plan assets excluding interest income	(5)	22
Contributions from the employer	12	14
Contributions from plan participants	12	14
Benefits (paid)/deposited	(1'292)	130
Administration cost	(2)	(1)
Reclassified as disposal group (note 11)	(371)	-
Closing fair value of plan assets	**-**	**1'633**

The respective insurance company is providing reinsurance of these assets and bears all market risk on these assets.

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

TCHF	2019	2018
Discount rates	0.15%	0.80%
Expected rates of salary increase	1.50%	1.50%

The following sensitivity analyses - based on the principal assumptions - have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period: If the discount rate would be 50 basis points (0.50 percent) higher (lower), the defined benefit obligation would decrease by 9.6% (increase by 11.0% if all other assumptions were held constant).

The average duration of the defined benefit obligation at the end of the reporting period is 20.7 years (31 December 2018: 17.2 years). The Group expects to make a contribution of TCHF 2 to the defined benefit plans during the next financial year.

21. Revenue from contracts with customers

21.1 Disaggregated revenue information

The Group derives its revenue from contracts with customers for the transfer of services at a point in time. In September 2018, the Group received the signing fee for its sublicense agreement with H&H of TCHF 565. No revenue was recognized in 2019 as the sublicense agreement was cancelled in June 2019.

The first development phase of the collaboration agreement with H&H and Genclis for which the Group received TCHF 567 from H&H was started in October 2018. The development work was carried out by Genclis, so the received amount was transferred to Genclis. As the Group was only acting as agent in this transaction, no revenue was recognized for this transaction. As at 31 December 2019, there are no unsatisfied performance obligations (31 December 2018: none) as the collaboration agreement was cancelled in June 2019.

22. Other gains

In 2019, other gains mainly relate to unused provisions in connection with settled litigation cases with former member Management (note 18). In 2018, other gains were insignificant.

23. Service expense

TCHF	2019	2018
Third party research and development expense	-	15
License expense	38	36
Consulting service expense	18	1
Other expense for services	12	3
Total cost for services	**68**	**55**

24. Personnel expense

The average number of employees during 2019 (in full-time positions) was less than 10. Employee expense decreased by TCHF 65 from TCHF 346 to TCHF 281 mainly due to the fact that the number of employees and their remaining compensation were reduced during 2019. Refer to note 32 for further details in relation to compensation for executive management and Board of Directors.

25. Other administrative expense

TCHF	2019	2018
Office expense	28	29
Accounting, legal and consulting expense	496	462
Travel expense	8	7
IT expense	16	16
Tax expense, other than income tax	31	6
Other operating expense	18	129
Total general and administrative expense	**597**	**649**

26. Other losses

Other losses mainly relate to the cancellation of the collaboration agreement with Genclis. For further information refer to note 7.

27. Financial income / (expenses)

TCHF	2019	2018
Interest expense	(134)	(140)
Bank charges	(4)	(4)
Foreign currency exchange losses	(4)	(7)
Total finance expense	**(142)**	**(151)**
Foreign curreny exchange gains	42	235
Other finance income	-	-
Total finance income	**42**	**235**

Foreign currency exchange difference decreased due to fewer balance sheet items in foreign currencies and a decrease in foreign currency exchange rate volatility.

28. Income taxes

28.1 Income tax recognized in profit or loss

TCHF	2019	2018
CURRENT TAX		
Current tax expense for the current year	10	-
Adjustments in relation to the current tax of prior years	-	20
	10	**20**
DEFERRED TAX		
Deferred tax (income)/expense recognised in the current year	(1'570)	-
Adjustment to deferred tax attributable to changes in income tax rate	(3'142)	-
	(4'712)	**-**
Total income tax expense recognised in the current year	**(4'702)**	**20**

The following table provides reconciliation between income tax expense recognized for the year and the tax calculated by applying the applicable tax rates on accounting profit:

TCHF	2019	2018
(Loss) before tax	(12'162)	(416)
Income tax income calculated at 24.2 % (2018: 24.2 %)	(2'943)	(101)
Unrecognised deferred tax assets during the year	3'013	294
Previously unrecognised tax losses used	(393)	-
Effect of deferred tax balances due to change in income tax rate	(3'142)	-
Decrease of DTL due to impairment of intangible asset	(1'568)	-
Adjustments in relation to prior years	-	20
Effect of net (income)/expenses that are not added/(deductible) in determining taxable profit	331	(193)
Total income tax expense recognised in profit or loss	**(4'702)**	**20**

The weighted average applicable tax rate of the Group is 24.2% (2018: 24.2%) which is equal to the tax rate of the Company.

28.2 Income tax recognized in other comprehensive income

Due to the ongoing loss situation in the respective subsidiaries, no deferred tax assets were recognized in relation to the items recognized through other comprehensive income.

28.3 Deferred tax balances

2019 TCHF	Opening balance	Recognised in profit or loss	Acquired through business combination	Closing balance
Total deferred tax assets	**-**	**-**	**-**	**-**
Intangible assets	7'454	(4'712)	-	**2'742**
Total deferred tax liabilities	**7'454**	**(4'712)**	**-**	**2'742**

2018 TCHF	Opening balance	Recognised in profit or loss	Acquired through business combination	Closing balance
Total deferred tax assets	**-**	**-**	**-**	**-**
Intangible assets	7'454	-	-	**7'454**
Total deferred tax liabilities	**7'454**	**-**	**-**	**7'454**

The decrease in deferred tax liabilities is due to the impairment loss on intangible assets (note 7) as well as the new tax law which will be enacted in the Canton of Geneva as at 1 January 2020, reducing the applicable tax rate from 24.2% to 13.99%. The remaining deferred tax liability will be reversed when the related intangible asset (Aviptadil) will be amortized or impaired.

28.4 Unrecognized deferred tax assets

In accordance with IAS 12, the Company did not capitalize any deferred tax asset relating to tax loss carry-forwards since the criteria for recognition (i.e. the probability of future taxable profits or reversal of deferred tax liabilities within the next seven years) are not met. The gross value of unused tax losses which have not been capitalized as deferred tax asset will expire as follows:

TCHF	2019	2018
Within one year	16'836	35'666
Later than one year and not later than five years	68'295	83'119
More than five years	42'714	9'947
Total tax losses carried forward	**127'845**	**128'732**

All the loss carried forward of Relief Therapeutics SA were used up at December 31, 2019. As at 31 December 2018, a total of TCHF 1'618 tax losses carried forward were available. The forgiveness of an intra-company loan of (TCHF 1'390) by Relief Therapeutics Holding SA to its subsidiary Relief Therapeutics SA was recorded as a profit for the financial year 2019 in the individual financial statements of Relief Therapeutics SA giving the ongoing uncertainty due to a lack of information faced by Relief Therapeutics SA, which is currently seeking confirmation from the Swiss tax authorities whether the debt forgiveness from its direct shareholder (Relief Therapeutics Holding SA) could be viewed as a capital restructuring ("mesure d'assainissement" in French) with the debt being converted as equity thus being viewed as a capital injection. If the cantonal tax authorities validate the capital restructuring, the loss carried forward of Relief Therapeutics SA would not be consumed by the income resulting from the debt forgiveness of the direct shareholder as such income is tax exempted. In case this will be approved by the Federal Tax authorities as well, the capital injection made by Relief Therapeutics Holding SA is subject to the payment of the Federal Stamp of 1%, except if all the tax requirements are fulfilled to get an exemption of the issuance stamp tax.

Nevertheless, there is uncertainty as to whether the payment of this federal stamp would still be due as Relief Therapeutics SA might be exempted due to the capital restructuring. A confirmation from the Swiss Tax authorities is expected later in 2020.

There are no other unrecognized deferred tax assets.

29. Share-based payments

In 2012 and 2015, the Company implemented Equity Award Programs ("EAP") to grant share options to members of the Board of Directors, selected employees and service providers. 190'000'000 shares are available for the EAP under the conditional share capital (see note 12.3). Each option gives the right to purchase at par value one ordinary share of the Company. The share options are conditional on the employee's service period, i.e. the vesting period.

In 2019, no share options were granted. In September 2018, one of the employees of the Group received 15 million share options as part of his annual remuneration. The following table reconciles the share options outstanding at the beginning and end of the year:

	2019	2018
At beginning of the year	**70'530'000**	**55'530'000**
Acquired through business combination	-	-
Granted	-	15'000'000
Expired	-	-
At end of the year	**70'530'000**	**70'530'000**

Share options outstanding at the end of the year 2019 and 2018 have the following expiry dates:

	31 December 2019	31 December 2018
EXPIRY DATE		
March 2020	280'000	280'000
August 2020	15'000'000	15'000'000
June 2021	500'000	500'000
July 2021	12'500'000	12'500'000
September 2021	2'250'000	2'250'000
August 2022	40'000'000	40'000'000
	70'530'000	**70'530'000**
Weighted average remaining contractual life in months	24	36

The 70'530'000 share options at year end were totally exercisable as per 31 December 2019. The exercise prices range from CHF 0.01 to CHF 0.04.

The fair values of the options at the grant date have been assessed using the Black-Scholes valuation model and recognized in the period in which the options were granted as they vested immediately. The weighted average fair value of options granted in 2018 was CHF 0.001 per option. The significant inputs into the model were share price of CHF 0.01 at grant date, exercise price of CHF 0.01, volatility of 84% based on peer companies and average risk-free interest rate of 0.00% as any risk-free interest rates in the market were negative.

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

In 2019, no expense (2018: TCHF 19) was recorded in personnel expense with a corresponding credit to equity (share-based payment reserve).

30. Earnings per share

	2019	2018
(Loss) for the year attributable to the equity holders of the Parent Company (in TCHF)	(7'460)	(436)
Weighted average number of shares for the purposes of EPS	2'103'851'262	2'050'141'259
Basic and diluted earnings per share (in CHF)	**(0.004)**	**(0.000)**

In 2019 and 2018, there is no reconciling item between the result for the period and the result attributable to the equity holders.

Basic and diluted losses per shares are calculated by dividing the net loss attributable to the shareholders by the weighted average shares outstanding during the period. In 2019 and 2018, the number of shares outstanding varied as a result of different transactions on the share capital structure of the Company (see note 12 for more details).

In 2019 and 2018, the warrants and the options granted as part of the EAP (refer to note 29 for further details) have not been considered in the calculation of the diluted loss per share as their effects are anti-dilutive.

As mentioned in note 36.3, there were 10'280'000 stock options exercised and 50'000'000 warrants exercised since January 1, 2020 until the date of approval of those financial statements.

31. Financial instruments

31.1 Capital risk management

The Group's objectives when managing capital (defined as "equity attributable to the Company's shareholders") are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The available funds were risen in various private financing rounds, as well as the public placements executed since the listing of the Company on the Swiss Stock Exchange in 2009. In addition, funds have been generated through revenues/milestones (until 2010) and sale of non-core assets. In order to maintain or adjust the capital structure, the Group may issue new or own shares.

In December 2015, the Company signed a CHF 25 million share subscription facility (SSF) with GEM Global Yield Fund LLC (GEM). The SSF gives RTH the right, but not the obligation, for a period of up to 36 months, to execute Draw Downs by which GEM will lend its own shares to be sold on the market up to a total CHF 25 million. The Company receives the proceeds corresponding to the amount sold deducted from a 10% fee. GEM gets reimbursed its shared engaged in the transaction via a regular capital increase. Each draw-down is conditional upon trading volumes and share prices. Specifically, a draw down cannot exceed 700% of the average trading volume during the 15 trading days immediately preceding the date of a draw-down. The purchase price per share is 90% of the closing bid price for a RTH share during the 15 trading days immediately following a draw-down notice. Until 31 December 2019, there were total draw-downs of the SSF of 107.3 million shares representing a cash injection of TCHF 1'153 which decreased the remaining balance on the current SSF to CHF 43.8 million.

31.2. Categories of financial instruments

31 December 2019 TCHF	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Other current assets and receivables	2	-	**2**
Cash and cash equivalents	129	-	**129**
Total financial assets	**131**	**-**	**131**
Trade payables	-	283	**283**
Financial liabilities due to third parties	-	757	**757**
Financial liabilities due to related parties	-	982	**982**
Other current payables and liabilities	-	373	**373**
Total financial liabilities	**-**	**2'395**	**2'395**

31 December 2018 TCHF	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Other current assets and receivables	10	-	**10**
Cash and cash equivalents	265	-	**265**
Total financial assets	**275**	**-**	**275**
Non-current financial liabilities	-	4'312	**4'312**
Trade payables	-	119	**119**
Financial liabilities due to third parties	-	725	**725**
Financial liabilities due to related parties	-	328	**328**
Other current payables and liabilities	-	520	**520**
Total financial liabilities	**-**	**6'004**	**6'004**

The carrying amounts of financial assets financial liabilities recognized in the consolidated financial statements approximate their fair values.

31.3 Reconciliation of liabilities arising from financing activities

			Non-cash changes			
2019 TCHF	**Opening balance**	**Financing cash flows**	**Derecognised (note 7)**	**Accrued interest**	**FX**	**Closing balance**
Non-currrent financial liabilities (note 14)	4'312	-	(4'354)	42	-	**-**
Financial liabilities due to third parties (note 16)	725	-		58	(26)	**757**
Financial liabilities due to related parties (note 17)	328	600	-	34	-	**962**
Total	**5'365**	**600**	**(4'354)**	**134**	**(26)**	**1'719**

			Non-cash changes			
2018 TCHF	**Opening balance**	**Financing cash flows**	**Deferred payment of assets**	**Accrued interest**	**FX**	**Closing balance**
Non-current financial liabilities (note 14)	-	-	4'438	65	(191)	**4'312**
Financial liabilities due to third parties (note 16)	698	-	-	56	(29)	**725**
Financial liabilities due to related parties (note 17)	314	-	-	14	-	**328**
Total	**1'012**	**-**	**4'438**	**135**	**(220)**	**5'365**

31.4 Financial risk management

Except for some liquidity risk in relation to the financial liabilities, the Company is not exposed to any significant financial risks such as credit risk, liquidity risk or market risk (including interest-rate and currency risk). Counterparty risk is also minimized by ensuring that all financial assets are placed with a well-known private bank in Switzerland.

Liquidity risk

All financial liabilities are due within the next 3 months and are non-interest bearing except for the non-current financial liabilities (note 14) and the financial liabilities due to third and related parties (notes 16 and 17).

31.5 Fair value measurement

At 31 December 2019 as well as at 31 December 2018, there were no assets or liabilities measured at fair value. For all other financial assets and liabilities their carrying amount at amortized cost approximates fair value.

32. Related party transactions

32.1 Compensation for executive management

TCHF	2019	2018
Fees, salaries and other short-term employee benefits	230	257
Post-employment benefits	51	33
Share-based compensation	-	19
Total compensation for executive management	**281**	**309**

32.2 Compensation for members of the Board of Directors

TCHF	2019	2018
For serving as board members	-	-
Share-based compensation	-	-
Total compensation for members of the board of directors	**-**	**-**

During 2019 and 2018 the members of the Board of Directors did not receive any fees. However, their incurred expenses for travelling and accommodation in relation to the Company, if any could have been reimbursed. There has been no such reimbursement for the members of the Board of Directors during 2019. There have been no other related party transactions in the financial periods 2019 and 2018.

The above amounts show the remuneration of the legal group for the entire year and may therefore be higher than the personnel expense shown in the statement of comprehensive income. The disclosures required by the Swiss Code of Obligations on Board and Executive committee compensation are shown in the compensation report.

32.3 Related party balances and transactions

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, 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.

The liabilities due to the shareholder GEM are the only related party balance as at 31 December 2019 and 2018. For further details refer to note 17.

33. Leases

Leases mainly relate to leased office spaces and car parks in Geneva. The rental agreements can be cancelled within 3 months. Therefore, they are considered short-term leases. Total lease expense in 2019 were TCHF 28 (2018: TCHF 28).

As at 31 December 2019, there were non-cancellable lease commitments for short-term leases of TCHF 8 (31 December 2018: TCHF 8).

34. Non-cash transactions

In 2019 and 2018, the Group did not enter into any significant non-cash investing and financing activities which are not reflected in the consolidated statement of cash flow except for the cancellation of the collaboration agreement with Genclis. Refer to note 7 for further details.

35. Contingent liabilities

35.1 Litigation

At 31 December 2019, the Company has recognized residual provisions in relation to current litigation cases (note 18). Other than that, the Company or any of its subsidiaries are not party to any legal, administrative or arbitral proceedings, the outcome of which, if adverse to the Group, may be material to its business, financial condition and results of operation taken as a whole.

35.2 Sale of certain old subsidiaries of Relief Therapeutics Holding SA (CRO Sale)

The contract for the sale of the Company's major CRO subsidiaries, dated 15 June 2016, contains representation and warranties, as well as clauses for working capital true-ups, which could result in additional claims being made against the Group.

The buyer brought up a working capital true-up claim relating to various items whereas the Company brought up a counter claim to a specific matter. The Group did not record a provision on that topic assessing the likelihood of an adverse future cash outflow being low.

No further development has been incurred in 2019. The situation was the same at 31 December 2018.

36. Events after the reporting period

36.1 Sale of Relief Therapeutics SA to Sonnet

On 2 April 2020, the Company announced the closing of SEA between Sonnet BioTherapeutics, Inc. (“Sonnet”), now a subsidiary of Sonnet BioTherapeutics Holdings, Inc. (formerly known as Chanticleer Holdings, Inc.) (Nasdaq:SONN, "Sonnet Holdings") and the Company. As a consequence, Sonnet acquired all outstanding shares of Relief Therapeutics SA, which became a wholly-owned Geneva-based subsidiary of Sonnet. In exchange, the Company received shares of Sonnet’s common stock that converted into 757,933 shares of listed Sonnet Holdings common stock. This number differs from the 7,111,947 shares originally announced as Sonnet shares were converted into Sonnet Holdings shares in its recent merger that closed on 1 April 2020 at a ratio of approximately 0.106572 Sonnet Holdings shares per Sonnet share, taking into account a reverse stock split effected by Sonnet Holdings immediately prior to the merger at the ratio of 26:1. Pursuant to the change of control article of the License Agreement signed with Ares Trading in August 2015, 15% of the total number of shares received will be used to pay Merck. The associated cost will be accounted for in 2020 at the closing date of the transaction. This was a major achievement to divest Relief Therapeutics SA and to refocus the Company’s activities on the development of its remaining asset Aviptadil for respiratory diseases.

36.2 COVID – 19 Pandemic

The elements exposed below regarding the COVID-19 pandemic are considered as non-adjusting events that occurred after the reporting period in accordance with IAS 10 “Events after the reporting period”. As a result, current development related to COVID-19 could not be considered in the calculation of the value in-use of Aviptadil and all the developments are therefore laid out in this footnote.

In the current context of coronavirus pandemic, as the Company’s reliance on local or global supply chains is low, and as it does not operate any production facilities, it has a low risk of being forced to interrupt its operations due to the ongoing COVID-19 pandemic. Due to the average age of its collaborators, no loss of personnel is expected as a consequence of potential infection. Government-imposed travel restrictions and quarantines may lead the Company to adapt to this novel environment by reducing its face-to-face interactions and by favoring video and teleconferences which already support the majority of its in-house and external business interactions. At the present time, a precise quantitative evaluation of the impact of the pandemic on the Company’s planned activities is almost impossible to establish and quantify. As a result, the Company is closely monitoring its global evolution but does not anticipate any negative impacts on the going concern of the Company over the next twelve months.

Coronavirus (SARS-CoV-2) related death is primarily caused by Acute Respiratory Distress Syndrome (ARDS), in which severe inflammation causes the lungs to fill with fluid and even mechanical ventilation is unable to maintain life. The syndrome is caused by a Cytokine Storm unleashed by viral particles. Aviptadil is known to have potent anti-cytokine effects in numerous animal models and confirmed in phase 1 and phase 2 human studies conducted in the past by Relief. On this basis, Relief published press releases on 11, 17, 25 and 29 March as well as 9 April 2020 announcing its steps towards the development of Aviptadil in ARDS caused by the SARS-CoV-2 virus. Relief disclosed its intention to propose Prof. Jonathan Javitt, CEO of NeuroRx as candidate for Vice-Chairman of the Board of Directors at the next General Meeting and to collaborate on the development of Aviptadil. Relief is planning to commence clinical trial at the Rambam Healthcare Campus in collaboration with the government of Israel for which it filed an Investigational New Drug Application (“IND”) at the Food and Drug Administration (“FDA”) that was granted as a Study May Proceed to NeuroRx in collaboration with Relief. On 9 April 2020, Aviptadil entered FDA clinical trials at Thomas Jefferson University Hospital in Philadelphia for the treatment of ARDS. The multicenter trial will enroll patients who are already on mechanical ventilation with the hopes that Aviptadil will decrease mortality in this condition and help to improve the ability of the patient’s lungs to transfer oxygen to the body.

36.3 Capital contribution

The group was able to raise some capital as follows:

- A capital injection of TCHF 500 was received on 24 March 2020.
- On 27 April 2020, GEM exercised 50’000’000 warrants fully paid-up representing an increase of equity of TCHF 500;
- Since the beginning of the year, 10’280’000 stock options were exercised for a total amount of TCHF 202.

Other than the events mentioned above, there have been no significant subsequent events since 31 December 2019.

37. Approval of financial statements

These consolidated financial statements were approved by the Board of Directors on 29 April 2020, subject to approval of the annual shareholders’ meeting in June 2020.

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RELIEF THERAPEUTICS HOLDING SA
GENEVA

STATUTORY AUDITOR'S REPORT

Consolidated Financial Statements
December 31, 2019

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

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of RELIEF THERAPEUTICS Holding SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2019 and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019 (pages 22 to 52), and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern
The accompanying financial statements have been prepared assuming that the Group will continue as a going concern. We draw your attention to note 4.1 to the consolidated financial statements, paragraph "Going Concern", which states that the Group is dependent upon external funding as well as a successful completion of the out-licensing of Aviptadil for the treatment of Sarcoidosis and acute lung injury or the development of Aviptadil for Acute Respiratory Distress Syndrome ("ARDS") induced by Covid-19 infection. This, along with other matters as described in note 4.1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

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

- Assessment of potential impairments of intangible assets
- Ongoing claims and litigations

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Assessment of potential impairments of intangible assets

Areas of focus

The assessment of potential impairments of intangible assets at December 31, 2019 (refer to note 4.2 – Critical accounting estimates and note 7 – Intangible assets).

Intangible assets mainly resulted from the reverse takeover which occurred in 2016. At December 31, 2019, the only intangible asset was Aviptadil whose carrying value is TCHF 19'600 (TCHF 30'800 at December 31, 2018). Indeed, the carrying value was impaired down to TCHF 19'600 reducing it by TCHF 11'200, being the excess of over its recoverable value following to Management impairment review. We focused on their impairment review because the assumptions used to support the intangible assets value involve significant judgment on both, the probability of success of the development, plus the achievement of regulatory approval across indications, and the probability of success of the resulting product launches and market size.

Our audit response

We evaluated and challenged management's assumptions both individually and collectively. We obtained the Group's carrying value calculations and assessed the key assumptions. Management has followed a documented process for drawing up future cash flow forecasts, which includes the involvement of external specialists and is subject to oversight and considerations by the Board of Directors.

With the support of our valuation specialists we considered third party sources to challenge management's main assumptions and assess the risk of impairment, in line with the work performed in accessing the acquisition accounting described above.

We discussed and challenged management's assumptions and evaluated the independence, objectivity and competence of the valuation experts that the Board of Directors engaged to assist them in the valuation process by confirming they are qualified and affiliated with an appropriate industry body. We compared management's assumptions with the ones used in with prior year.

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

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

- Note 7, « Intangible assets ».

Ongoing claims and litigations

Areas of focus

During our audit procedures, we noted that the company was subject to a certain number of disputes with some third parties, some of them leading to ongoing litigations.

Given the level of uncertainty surrounding outstanding cases, judgement is also required to determine the potential outcome based on the facts and circumstances Management has in its possession.

Our audit response

We performed inquiries with Management to get an understanding of the different disputes and the ongoing litigations, we obtained a copy of the settlement agreement when a case was settled, we reviewed the listing of legal expenses recorded in 2019, we reviewed board minutes, we compared the actual settlement cost incurred in 2019 against the amount recorded as a provision at December 31, 2018, we reviewed Managements' assumptions, and we also sent external confirmations to the law firms hired by the company to deal with the different ongoing cases.

Based on the procedures performed above, we found that the assessment made by management was based upon reasonable assumptions, and the disclosure in the notes of the consolidated financial statements consistently applied.

For further information on Contingent liabilities, refer to the following:

- Note 35, « Contingent liabilities ».

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

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

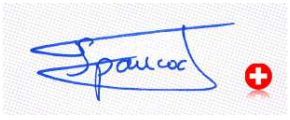
Report on Other Legal and Regulatory Requirements

During our audit performed in accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system for the preparation of financial statements, designed in accordance with the instructions of the Board of Directors, is not commensurate with the entity's risks, given its size, complexity and risk profile.

In our opinion, the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the financial statements.

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

MAZARS SA



Franck Paucod

Licensed Audit Expert

(Auditor in Charge)

Daphné Naef

Licensed Audit Expert

Geneva, April 30, 2020

Enclosure:

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

Relief Therapeutics Holding SA

STANDALONE FINANCIAL STATEMENTS 2019

Balance sheet

as of 31 December 2019 and 2018

(in CHF)

	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Cash and cash equivalents		124'294	210'642
Other receivables - third parties		85'864	10'524
Other receivables - group companies	18	-	-
Prepaid expenses		3'449	40'580
Current assets		**213'607**	**261'746**
Investments in subsidiaries	3	3'670'000	38'817'000
Intangible assets	4	-	4'423'979
Non-current assets		**3'670'000**	**43'240'979**
Total assets		**3'883'607**	**43'502'725**
LIABILITIES and EQUITY			
Other payables - third parties	6	149'723	9'121
Liabilities due to related parties	7	2'119'102	794'827
Financial liabilities to third parties	8	756'859	724'887
Accrued expenses	9	345'741	411'715
Provision	10	10'000	210'263
Current liabilities		**3'381'425**	**2'150'813**
Loan to Genclis SA	4	-	4'312'014
Provision for unrealised exchange gains	4	-	192'432
long-term liabilities		**-**	**4'504'446**
Share capital		21'139'193	20'889'205
General reserves		117'288'557	117'538'545
thereof capital contribution reserves		*117'272'052*	*117'522'040*
thereof other general reserves		*16'505*	*16'505*
Accumulated losses		(137'925'568)	(101'580'284)
loss carried forward		*(101'580'285)*	*(95'352'283)*
result of the period		*(36'345'283)*	*(6'228'001)*
Total shareholders' equity	11	**502'182**	**36'847'466**
Total equity and liabilities		**3'883'607**	**43'502'724**

Income statement

for the years ended 31 December 2019 and 2018

(in CHF)

	Note	31 Dec 2019	31 Dec 2018
Revenues	15	-	564'715
Expenses operating services		-	(1'545)
Personnel expenses	16	(221'579)	(292'462)
Other administrative and service expenses	17	(278'619)	(547'153)
EBITDA		**(500'198)**	**(276'445)**
Depreciation and amortisation expenses	18	(118'700)	(35'112)
Impairment on loans to group companies	19	(237'541)	(635'855)
Impairment on investments	20	(35'147'000)	(5'183'000)
Operating result		**(36'003'439)**	**(6'130'412)**
Financial expenses	21	(134'811)	(142'339)
Net exchange differences		32'003	32'821
Extraordinary income	22	130'680	11'929
Extraordinary expenses	23	(369'715)	-
Result before income taxes		**(36'345'283)**	**(6'228'000)**
Tax expenses		-	-
Result of the period		**(36'345'283)**	**(6'228'001)**

Notes to the financial statements

(All amounts in CHF)

1. General information

RELIEF THERAPEUTICS Holding SA ("Relief", the "Company" or the "Group") is a Swiss stock corporation listed on the SIX Swiss Exchange whose registered office is Avenue de Sécheron 15, 1202 Geneva, Switzerland.

The combined Group is focused on the development and/or licensing of its portfolio of medicinal product candidates (MPCs). Its two most promising MPCs are Aviptadil (for respiratory indications such as sarcoidosis and pulmonary hypertension) and Atexakin alfa (for the treatment of neuropathies). While Relief acquired in April 2018 two products under development from the privately held French biotechnology company Genclis SA ("Genclis") namely artificial colostrum and hypoallergenic milk produced without hydrolysis, for strategic reasons, both products were returned to Genclis and all related licensing and sublicensing agreements (i.e. with the Health and Happiness Group) terminated.

In addition, Relief announced in 2019 its intention to divest its subsidiary Relief Therapeutics SA which focus was to develop Atexakin alfa, to Sonnet BioTherapeutics, Inc., through a Share Exchange Agreement executed August 12th, 2019. This agreement was finally closed March 30th, 2020.

Through these transactions, Relief intends to refocus its activities on the clinical development of Aviptadil for respiratory diseases, in particular for Acute Respiratory Distress Syndrome ("ARDS") induced by COVID-19 infection. Following the completion of an initial clinical trial on ARDS, positive data may pave the way for the further developments of Aviptadil in additional indications in the area of respiratory diseases.

RELIEF THERAPEUTICS Holding SA is presenting consolidated financial statements in accordance with a recognized accounting standard (IFRS). As a result, these financial statements and notes do not include additional disclosures, cash flow statement, audit fees and management report.

The consolidated financial statements are presented in Swiss Francs (CHF).

2. Significant accounting policies

2.1 Basis of preparation of the financial statements

These financial statements are prepared in accordance with Swiss law, in particular with the law on commercial accounting and financial reporting of the Swiss Code of Obligations (CO Art. 957 to Art. 962).

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of expenses during the reporting period. Although these estimates are based on the Management's best knowledge, actual results may ultimately differ from those estimates. The financial statements have been prepared on a going concern basis (for further details refer to note 2.2).

Investments in subsidiaries

Investments in subsidiaries are recorded at their acquisition costs less adjustments for impairment of value. The acquisition cost includes charges and expenses in connection with the acquisition. The company evaluates its investments in subsidiaries for impairment at least annually and when it identifies indicators that the carrying amount of such assets exceeds the fair value.

Intangible assets

Licenses and other intangible assets are capitalized as intangible assets when it is probable that future economic benefits will be generated. Such assets are in general amortized on a straight-line basis over their useful lives. The estimated useful life of the intangible assets is regularly reviewed and if necessary, the future amortization charge is accelerated. As a general rule, amortization starts at the beginning of the asset's commercialization and lasts for the whole duration of the period during which it generates revenues.

Loans to subsidiaries

Loans to subsidiaries are carried at original nominal value less adjustments for impairment of value. A provision for impairment is recorded when there is objective evidence that the Company will not be able to collect the amounts due. As of balance sheet date the intercompany loans are totally depreciated. No interest income was recorded on these fully depreciated loans.

Cash

Cash balances, denominated in Swiss francs and EURO, include cash deposited in bank accounts and interest earned on such cash balances.

Other assets and liabilities

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

Net exchange difference

Current assets and current liabilities denominated in foreign currencies are converted at year-end exchange rates. Realized exchange gains and losses as well as all unrealized exchange losses arising from these as well as those from business transactions are recorded as net exchange differences.

2.2 Going Concern

On 31 December 2019, the total current assets of the Company are not sufficient to cover the current liabilities thereby facing Relief with liquidity issues. In 2019, the Group mainly relied on its current cash balance and financing instruments. In addition, the Group received funding through loans executed with its main shareholder GEM for an aggregated amount of TCHF 600.

In order to provide a future stream of income as well as an immediate boost to its cash position, Management has reoriented the main strategy of the Group. The Group has signed on 12 August 2019 a Share Exchange Agreement ("SEA") with the US-based private biotechnology company Sonnet BioTherapeutics, Inc. ("Sonnet") for the divestment of its subsidiary Relief Therapeutics SA (Relief SA) and its portfolio of projects related to Atexakin alfa. Upon closing, Relief received 757'933 of the listed shares of Sonnet BioTherapeutics Holdings, Inc. ("Sonnet Holding") the Nasdaq-listed mother company of Sonnet against all the shares of Relief SA owned by the Group, Relief SA becoming thereby a fully-owned subsidiary of Sonnet. Under the terms of the SEA, Relief is allowed to immediately sell on the market 17% of the Sonnet Holdings' shares received. 15% of the total number of shares received will be used to pay Merck pursuant to the change of control article of the License Agreement signed with Ares Trading in August 2015 for the acquisition of Atexakin alfa while 2% can be sold to cover Relief's expenses related to the execution of the SEA. The remaining 83% of the Sonnet Holdings' shares are immediately tradable providing that Relief does not sell more than 10% of the average daily share exchange volume per day.

In addition, the Group has returned the two projects acquired from Genclis SA, namely artificial colostrum and hypoallergenic milk and ended the collaboration with the Hong-Kong-based company Health and Happiness in June 2019. Although this cancellation eliminates the potentials for future incomes through milestones and royalty payments, it also relieves the Company from liabilities due to Genclis for the delayed upfront payment that was to be due in March 2020.

The agreement with the University of Freiburg is still in place for the development of Aviptadil in Sarcoidosis that is supported by a grant from the German Research Foundation (Deutsche Forschungsgemeinschaft – DFG). In addition, the licensing agreement with the Turkey-based company Centurion that is committed to develop Aviptadil for Sarcoidosis in Turkey and neighboring countries is still valid. Finally, the Group has signed an option agreement for a future out-licensing of Aviptadil for the treatment of Sarcoidosis and acute lung injury to the UK-based clinical development company Seren Clinical reaching defined milestones. Once these developments will have progressed, the Group may receive non-dilutive funds via milestones and royalty payments.

Recently, Relief announced its intention to develop in the clinic Aviptadil for respiratory diseases, in particular for Acute Respiratory Distress Syndrome ("ARDS") induced by COVID-19 infection. This strategic decision together with the divestment mentioned above allows the company to focus its limited resources on one single clinical development program with high potential. In collaboration with the privately-held US-based company NeuroRx, which was granted from the Food and Drug Administration ("FDA") an IND "Study May Proceed", the Company and NeuroRx have been joining forces to conduct a clinical trial for Aviptadil in COVID-19-induced Acute Respiratory Distress Syndrome ("ARDS"). This trial will be conducted at Rambam Healthcare Campus in coordination with the Government of Israel. These announcements have significantly revalued the Relief share price on the SIX market allowing Management to revisit the possibility of requesting a draw down on the SSF for an aggregated number of 75'000'000 shares. During the period late March and April 2020, Management could not decide on the amount that should be drawn down due to market and price volatility; however, they were confident that the total amount of the proceeds to be received from the aggregated number of shares available under the SSF together with other cash injections such as warrants or options exercises would cover the costs of Aviptadil development for COVID-19 complications as well as the Company's daily activities.

Finally, efforts to raise cash through traditional financing methods such as attracting new investors, the issuance of debt and equity instruments are still made in order to finance its continuing operations for the upcoming years. Given the current improvement of the Company share price and its current projects in the area of COVID-19 pandemic, Management is confident that these efforts will lead rapidly to new cash entries.

GEM Global yield fund LLC SCS, confirmed its intention, by letters of comfort, to take the measures necessary – either by waiving certain restrictions of the SSF or through other means – to ensure that the Group will have sufficient funds to allow it to meet its financial obligations. With the same objective, GEM also agreed to amend the SSF agreement in place by prolonging its term for an additional two years until the end of December 2020 and by increasing the total aggregate amount by CHF 20 million for a new total of CHF 44.1 million. Until 31 December 2019, there were total draw-downs of the SSF of 107.3 million shares representing a cash injection of TCHF 1'153 which decreased the remaining balance on the current SSF to CHF 43.8 million.

Management is therefore aware that the Company is running through difficult times but it is confident that the current measures taken and planned present a high likelihood of occurring. These measures will allow the Company to ensure its operations for the foreseeable future. In such a case, Management considers that all aspects are in place to secure that the Company is able to continue as a going concern.

3. Investments in subsidiaries

	2019	2018
Investment in subsidiaries	*49'339'963*	*49'339'963*
Accumulated Impairment charges	*(45'669'963)*	*(10'522'963)*
	3'670'000	***38'817'000***

The amount of TCHF 3'670 represents the value of the investment in Relief Therapeutics SA. All other investments are fully depreciated.

The table below shows the unlisted companies which belong to Relief Therapeutics Holding SA as of 31 December 2019:

Company	Domicile	Share capital	Shareholder	% owned
Relief Therapeutics SA	Geneva (CH)	CHF 208'163	Relief Therapeutics Holding SA	100%
THERAMetrics Discovery AG	Geneva (CH)	CHF 338'364	Relief Therapeutics Holding SA	100%
THERAMetrics Switzerland GmbH (1)	Zurich (CH)	CHF 20'000	Relief Therapeutics Holding SA	100%
THERAMetrics Inc. (1)	Wayne, PA (US)	USD 0	Relief Therapeutics Holding SA	100%
Pierrel Research Hungary Kft (1)	Budapest (H)	EUR 46'000	Relief Therapeutics Holding SA	100%

(1) These companies are in the process of being liquidated.

Impairment of investment

At 31 December 2019, the carrying value of the investment of the Company into Relief Therapeutics SA amounts TCHF 3'670 representing the market value of the 757'933 shares received by the Company into the newly listed company Sonnet BioTherapeutics Holdings, Inc. less the transaction costs at the Closing date of the Share Exchange Agreement. As a consequence, an impairment of TCHF 35'147 was recognized.

In 2018, an impairment test has been carried out on the investment in Relief Therapeutics SA, which mainly includes the development drug "Atexakin alfa" which resulted into an impairment charge of TCHF 5'183 leading to a carrying value of TCHF 38'817. The valuation was done using a best-practice pharma compound valuation model, which is a risk adjusted discounted cash flow model (value in use valuation).

4. Intangible assets / Loan to Genclis SA / Provision for unrealised exchange gains

As of 26 June 2019, the collaboration agreement with Genclis was cancelled and the sublicense agreement with H&H was terminated with the Company. The licenses for the two assets recognized as intangibles with a carrying amount of TCHF 4'424 were returned to Genclis and derecognized. As a consequence, the liabilities in relation to the deferred payments of TCHF 4'312, increased by TCHF 42 of interest expenses (note 21) were cancelled and also derecognized without any further consideration to be paid. The provision for unrealised exchange gains of TCHF 192 was derecognized resulting in a net profit of TCHF 122 recognized as extraordinary income in the income statement.

5. Loans to subsidiaries

2019

Company (in CHF)	Domicile	Loans	Depreciation	Total
Relief Therapeutics SA	Geneva (CH)	0	0	0
THERAMetrics Discovery AG	Geneva (CH)	22'015'171	(22'015'171)	0
THERAMetrics Switzerland GmbH	Zurich (CH)	1'314'042	(1'314'042)	0
THERAMetrics Inc.	Wayne, PA (US)	78'561	(78'561)	0
Pierrel Research Hungary Kft	Budapest (H)	16'677	(16'677)	0
		23'449'451	**- 23'449'451**	**0**

The loan granted to Relief Therapeutics SA bore a 5% interest rate and did not have a fixed term. In 2019, Relief Therapeutics Holding SA increased the loan by a further TCHF 240 and later forgave the entire loan of TCHF 1'390.

2018

Company (in CHF)	Domicile	Loans	Depreciation	Total
Relief Therapeutics SA	Geneva (CH)	1'150'000	(1'150'000)	0
THERAMetrics Discovery AG	Geneva (CH)	22'005'171	(22'005'171)	0
THERAMetrics Switzerland GmbH	Zurich (CH)	1'326'501	(1'326'501)	0
THERAMetrics Inc.	Wayne, PA (US)	78'561	(78'561)	0
Pierrel Research Hungary Kft	Budapest (H)	16'677	(16'677)	0
		24'576'910	**- 24'576'910**	**0**

6. Other payables – third parties

TCHF	31 December 2019	31 December 2018
Related to accounting, legal and consulting expenses	135'629	2'310
Related to other expenses	14'094	6'811
Total	**149'723**	**9'121**

7. Liabilities due to related parties

At December 31, 2019, liabilities due to related parties consisted of:

- a shareholders' loan due to GEM (TCHF 344) which accrues interest of 4% above the based rate of Barclays Bank PLC (2018: TCHF 328);
- two additional loans payable to GEM for a total of TCHF 618 (2018: nil);
- an intercompany loan (TCHF 1'009) toward Relief Therapeutics SA (2018: TCHF 337);
- an intercompany loan (TCHF 128) toward THERAMetrics Switzerland GmbH (2018: TCHF 130);
- a payable of TCH 20 to GEM (2018: nil).

On April 29, 2019, the company received TCHF 300 from GEM as a secured promissory note repayable on demand on or after April 30, 2019, bearing an interest of 5% per annum above USD LIBOR. The Secured interests on this promissory note shall consist of duly registered liens on all the Intellectual Property rights pertaining to the patents, patents pending, licensing rights, sub-licensing rights fees and emoluments of any nature owned by the Company and its affiliates and subsidiaries at April 29. 2019.

On August 25th, 2019, GEM and Relief entered into a CHF 300K promissory note repayable on demand after August 25, 2020 and bearing an interest of 4% annual interest rate above the base rate of Barclays Bank PLC.

The Company settled a litigation for which its main shareholder paid TCHF 20 on behalf of the Company. The amount was still outstanding at December 31, 2019 (2018: nil).

8. Financial liabilities to third parties

A loan due to a former subsidiary of the Group. Until repayment, the unpaid balance accrues interest at a rate of 8% per annum. The repayment date is not defined.

9. Accrued expenses

TCHF	31 December 2019	31 December 2018
Accountancy and audit services	92'000	156'500
Therametrics historical accrual	176'094	182'558
Tax payables	75'147	57'948
Various	2'500	14'711
Total	**345'741**	**411'717**

10. Provisions

Provisions mainly relate to litigation cases.

TCHF	31 December 2019	31 December 2018
Carry amount at the beginning of the period	210	96
Additional provisions made in the period, including increase to existing provisions	-	113
Utilised	(64)	
Unused and reversed	(136)	-
Total	**10**	**210**

The decrease is due to settled litigation cases which resulted in a gain from unused provision of TCHF 136.

11. Shareholders' equity

(in CHF)	Share capital	General reserves	Accumulated losses	Total shareholders' equity
Equity at 1 January 2018	20'066'274	117'613'735	(95'352'283)	42'327'726
Capital increase from a shareholder cash contribution	447'931	299'810	-	747'741
Unregistered SSF draw downs	375'000	(375'000)	-	-
Net result for the period	-	-	(6'228'001)	(6'228'001)
Equity at 31 December 2018	**20'889'205**	**117'538'545**	**(101'580'284)**	**36'847'466**
Unregistered SSF draw downs	249'988	(249'988)	-	-
Net result for the period	-	-	(36'345'283)	(36'345'283)
Equity at 31 December 2019	**21'139'193**	**117'288'557**	**(137'925'568)**	**502'182**

Issued share capital

At 31 December 2019, issued share capital is CHF 21'139'193, consisting of 2'113'919'272 registered shares with a par value of CHF 0.01. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

At 31 December 2018, issued share capital was CHF 20'889'204, consisting of 2'088'920'472 registered shares with a par value of CHF 0.01.

In May 2019, the share capital was increased by CHF 249'988 by issuing 24'998'800 shares at a nominal value of CHF 0.01.

Authorized share capital

At 31 December 2019, the Company had authorized, but not yet issued, nominal share capital of TCHF 10'569, consisting of 1'056'959'600 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time until 14 June 2021.

Conditional share capital

The conditional share capital of the Company as at 31 December 2019 was TCHF 10'569 (2018: TCHF 7'628), consisting of 1'056'959'622 (2018: 762'800'430) registered shares with a par value of CHF 0.01 each, of which 190'000'000 (2018: 190'000'000) to be used for share options for members of the Board of Directors, Executive Management, employees and consultants as well as 866'959'622 (2018: 572'800'430) to be used for the exercise of conversion option rights granted in connection with bonds, notes or similar debt instruments issued by the Company. The Company has two stock option plans for its employees, board members, and consultants whereby each option gives its holder the right to purchase one of the Company's common shares at a pre-determined price. When options are exercised, the related shares are issued from the Company's conditional capital. Option grants are proposed by the Company's Nomination & Compensation Committee and approved by the Board of Directors.

One stock option plan is from 2011 and exists only to cover options still outstanding under it. The second plan was established in 2015. All future stock option grants will be issued under the 2015 plan.

As of December 31, 2019 and December 31, 2018, there were 70'530'000 options outstanding, all of which are fully vested. During 2019 no options were granted, exercised, cancelled or expired.

The number of warrants outstanding issued by the Group was 590'000'000 as at 31 December 2019 and 31 December 2018. The warrants were granted in 2017 giving the right to the warrant holder to buy and equal number of shares of the Company at an exercise price of CHF 0.01.

12. Significant shareholders

The following significant shareholders as defined by Art. 663c of the Swiss Code of Obligations, holding more than 5% of the common shares of the Company, are recorded in the share register or have disclosed their shareholdings to the Company:

Summary of shareholders	2019		2018	
	Number of shares	%	Number of shares	%
GEM Global Yield Fund LLC SCS	566,154,033	26.8%	563,155,233	27.0%
Fin Posillipo SpA	0	0.0%	286,824,849	13.7%
Django Trading Sarl	118,000,000	5.6%	182,182,699	8.7%
Michel Dreano	138,963,099	6.6%	171,000,000	8.2%
Yves Sagot	175,698,685	8.2%	177,798,685	8.5%
	998,815,817	**47.2%**	**1,380,961,466**	**66.1%**
Others	1,115,103,455	52.8%	707,959,006	33.9%
	2,113,919,272	100.0%	**2,088,920,472**	100.0%

13. Equity instrument disclosure of Board of Directors and Executive Management

The following tables show the total shares and options owned by Board of Directors, Executive Management and persons closely linked to them (i.e. their spouse, their children below age 18, any legal entity they own or otherwise control and any legal or natural person who is acting as their fiduciary) as per 31 December 2019.

	Number of shares as of 31.12.2019	Number of shares as of 31.12.2018
Shares held by members of the Board of Directors		
Michel Dreano, CFO and CBO and member of the BoD [1,2]	138 963 099	171 000 000
Shares held by Executive Management		
Gael Hedou, CEO[1] (through Django Trading Sàrl)	118 000 000	182 182 699
Yves Sagot, CSO	175 698 685	177 798 685

	Number of options as of 31.12.2019	Number of options as of 31.12.2018
Options held by members of the Board of Directors		
Michel Dreano, CFO and CBO and member of the BoD [2,3]	20 000 000	20 000 000
Options held by Executive Management		
Gael Hédou, CEO [1,4]	25 000 000	25 000 000
Yves Sagot, CSO	10 000 000	10 000 000

[1] Mr. Hedou and Mr. Dreano were employed until their resignation with effective date on June 30, 2019
[2] Mr. Dreano was member of the Board of Directors until the Annual General Meeting 2019
[3] 50% of the options are related to activity as executive member and 50% are related to activity as member of the BoD
[4] Options of Mr. Hedou have been attributed on a personal level and not to Django Trading Sàrl

14. Compensation

Regarding the compensation for members of the Board of Directors and the executive committee members refer to the compensation report.

15. Revenues

In 2018 an upfront payment from H&H was earned. This is a non-recurring income, as the contract was terminated in 2019.

16. Personnel expenses

The amount of personnel expenses was TCHF 222 in 2019 compared to TCHF 292 in 2018 corresponding to the amount being recharged by the subsidiary Relief Therapeutics SA.

17. Other administrative and service expenses

	2019	2018
Office expenses	17,999	-
Accounting, legal and consulting expenses	327,475	439,360
Travel expenses	8,219	3,485
IT & communication expenses	11,089	886
Provision / (reversal) litigations	(136,000)	86,305
Stamp Duty	22,000	(26,355)
Net Wealth tax	14,600	30,502
Other	13,237	12,970
	278,619	**547,153**

18. Depreciation and amortization expenses

These are write-offs of receivables from Group companies due to corresponding waivers of receivables.

19. Impairment on loan to group companies

	2019	2018
Depreciation on loan to Relief Therapeutics SA	240,000	455,000
Depreciation on loan to THERAMetrics Discovery	10,000	12,585
Depreciation on loan to THERAMetrics Switzerland	-	168,270
Reversal on depreciation THERAMetrics Switzerland	(12,459)	-
	237,541	**635,855**

20. Impairment on investments

This relates to the impairment on the investment in Relief Therapeutics SA. For further details, please refer to note 3.

21. Financial income and expense

Financial expenses	2019	2018
Interest on liabilities due to third parties	99'977	69'831
Interest on liabilities due to related parties	34'058	70'484
Bank fees and other	777	2'024
	134'811	**142'339**

The interest on liabilities due to third parties includes TCHF 42 of interest expense on the loan initially due to Genclis for the period between Jan 1, 2019 until the termination of the agreement in June 2019.

22. Extraordinary income

	2019	2018
Gain on write-off of payables	-	11,929
Genclis, gain from termination of agreement	122,186	-
Various	8,494	-
	130,680	**11,929**

23. Extraordinary expenses

	2019	2018
Expenses recharged from a subsidiary of the Group	363,640	-
Various	6,075	-
	369,715	**-**

24. Accumulated losses

To preserve the possibility to use the capital contribution reserves for future distribution to shareholders free of withholding tax the accumulated loss of CHF 137'925'568 as per 31 December 2019 will be carried forward.

The Swiss federal tax authorities did not yet confirm the amount of the reserves from capital contributions in the sense of article 20 paragraph 3 of the Federal Income Tax Act.

25. Full-time equivalents

The average number of employees during 2019 (in full-time positions) was less than 10.

26. Significant events after the balance sheet date

26.1 Sale of Relief Therapeutics SA to Sonnet

On 2 April 2020, the Company announced the closing of SEA between Sonnet BioTherapeutics, Inc. ("Sonnet"), now a subsidiary of Sonnet BioTherapeutics Holdings, Inc. (formerly known as Chanticleer Holdings, Inc.) (Nasdaq:SONN, "Sonnet Holdings") and the Company. As a consequence, Sonnet acquired all outstanding shares of Relief Therapeutics SA that becomes a wholly-owned Geneva-based subsidiary of Sonnet. In exchange, the Company received shares of Sonnet's common stock that converted into 757,933 shares of listed Sonnet Holdings common stock. This number differs from the 7,111,947 shares originally announced as Sonnet shares were converted into Sonnet Holdings shares in its recent merger that closed on 1 April 2020 at a ratio of approximately 0.106572 Sonnet Holdings shares per Sonnet share, taking into account a reverse stock split effected by Sonnet Holdings immediately prior to the merger at the ratio of 26:1. This was a major achievement to divest Relief Therapeutics SA and to refocus the Company's activities on the development of its remaining asset Aviptadil for respiratory diseases.

26.2 COVID – 19 Pandemic

In the current context of coronavirus pandemic, as the Company's reliance on local or global supply chains is low, and as it does not operate any production facilities, it has a low risk of being forced to interrupt its operations due to the on-going COVID-19 pandemic. Due to the average age of its collaborators, no loss of personnel is expected as a consequence of potential infection. Government-imposed travel restrictions and quarantines may lead the Company to adapt to this novel environment by reducing its face-to-face interactions and by favoring video and teleconferences which already support the majority of its in-house and external business interactions. At the present time, a precise quantitative evaluation of the impact of the pandemic on the Company's planned activities is almost impossible to establish and quantify. As a result, the Company is closely monitoring its global evolution but does not anticipate any negative impacts on the going concern of the Company over the next twelve months.

Coronavirus (SARS-CoV-2) related death is primarily caused by Acute Respiratory Distress Syndrome (ARDS), in which severe inflammation causes the lungs to fill with fluid and even mechanical ventilation is unable to maintain life. The syndrome is caused by a Cytokine Storm unleashed by viral particles. Aviptadil is known to have potent anti-cytokine effects in numerous animal models and confirmed in phase 1 and phase 2 human studies conducted in the past by Relief. On this basis, Relief published press releases on 11, 17, 25 and 29 March as well as 9 April 2020 announcing its steps towards the development of Aviptadil in ARDS caused by the SARS-CoV-2 virus. Relief disclosed its intention to propose Prof. Jonathan Javitt, CEO of NeuroRx as candidate for Vice-Chairman of the Board of Directors at the next General Assembly and to collaborate on the development of Aviptadil. Relief is planning to commence clinical trial at the Rambam Healthcare Campus in collaboration with the government of Israel for which it filed an Investigational New Drug Application ("IND") at the Food and Drug Administration ("FDA") that was granted as a Study May Proceed to NeuroRx in collaboration with Relief. On 9 April 2020, Aviptadil entered FDA clinical trials at Thomas Jefferson University Hospital in Philadelphia for the treatment of ARDS. The multicenter trial will enroll patients who are already on mechanical ventilation with the hopes that Aviptadil will decrease mortality in this condition and help to improve the ability of the patient's lung to transfer oxygen to the body.

26.3 Capital contribution

The group was able to raise some capital as follows:

- A capital injection of TCHF 500 was received on 24 March 2020;
- On 27 April 2020, GEM exercised 50'000'000 warrants fully paid-up representing an increase of equity of TCHF 500;
- Since the beginning of the year, 10'280'000 stock options were exercised for a total amount of TCHF 202.

Other than the events mentioned above, there have been no significant subsequent events since 31 December 2019.

27. Contingent Liabilities

27.1 Litigation

At 31 December 2019, the Company has recognized provisions in relation to current litigation cases (note 6). Other than that, the Company or any of its subsidiaries are not party to any legal, administrative or arbitral proceedings, the outcome of which, if adverse to the Group, may be material to its business, financial condition and results of operation taken as a whole.

27.2 Sale of certain old subsidiaries of Relief Therapeutics Holding SA (CRO Sale)

The contract for the sale of the Company's major CRO subsidiaries, dated 15 June 2016, contains representation and warranties, as well as clauses for working capital true-ups, which could result in additional claims being made against the Group.

The buyer brought up a working capital true-up claim relating to various items whereas the Company brought up a counter claim to a specific matter. The Group did not record a provision on that topic assessing the likelihood of an adverse future cash outflow being low.

No further development has been incurred in 2019. The situation was the same at 31 December 2018.

28. Approval of financial statements

These statutory financial statements were approved by the Board of Directors on 29 April 2020, subject to approval of the annual shareholders' meeting in June 2020.

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RELIEF THERAPEUTICS HOLDING SA,
GENEVA

Report on the audit of
The financial Statements as of
December 31, 2019

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

Report on the audit of the Financial Statements

We have audited the financial statements of RELIEF THERAPEUTICS Holding SA, which comprise the balance sheet as at December 31, 2019 and the income statement and notes for the year then ended.

In our opinion the accompanying financial statements (pages 60 to 71) as at December 31, 2019 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. We draw your attention to note 2 to the financial statements, paragraph 2 "Going Concern", which states that the Group is dependent upon external funding as well as a successful completion of the out-licensing of Aviptadil for the treatment of Sarcoidosis and acute lung injury or the development of Aviptadil for Acute Respiratory Distress Syndrome ("ARDS") induced by Covid-19 infection. This, along with other matters as described in note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. If it is not possible for the company to continue as a going concern, the financial statements will need to be prepared on the basis of liquidation values. This would lead to a substantiated concern that the Company's liabilities exceed its assets within the meaning of article 725 para. 2 CO, requiring compliance with the corresponding legal provisions. Our opinion is not qualified in respect of this matter.

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

- Valuation of investments in subsidiaries
- Ongoing claims and litigations

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of investments in subsidiaries

Areas of focus

The Company's investment in the subsidiaries were carried at TCHF 3'670 at December 31, 2019. The Group's investments in subsidiaries consist of the investment in Relief Therapeutics SA which was acquired on 14 July 2016.

There are significant judgements and estimates to be made in relation to the valuation of the investments. In particular, Relief Therapeutics SA is a clinical stage biotechnology company with a portfolio of drug candidates. Early stage technology companies inherently require sophisticated and unique approaches for determining their value. The valuation of products in development is challenging, as management is required to make judgements both as to the probability of success of the development plus the achievement of regulatory approval across indications, and the probability of success of the resulting product launches and market size.

In August 2019, the Company entered into a Share Exchange Agreement ("SEA") with Sonnet BioTherapeutics, Inc. to acquire all outstanding shares of Relief Therapeutics SA. The closing date occurred on April 2, 2020 after conditions of the SEA were met leading to the Company receiving 757'933 shares of Sonnet BioTherapeutics Holdings Inc., listed on the NASDAQ, in exchange of the sale of Relief Therapeutics SA. The carrying value of TCHF 3'670 reflects the market value of the 757'933 shares of Sonnet BioTherapeutics Holdings, Inc., less the transaction costs at the Closing date of the SEA, thereby resulting in an impairment of TCHF 35'147 at December 31, 2019.

Our audit response

We obtained the Share Exchange Agreement and we obtained the evidence of ownership by the Company of the 757'933 of the shares into Sonnet BioTherapeutics Holdings, Inc. received by the Company.

We concurred with Management on the view that the closing of the transaction on April 2, 2020 should be viewed as an adjusting event after the reporting period and that the carrying value of the investment in Relief Therapeutics SA at December 31, 2019 shall be adjusted accordingly.

We re-performed the calculation of the impairment prepared by Management.

As a result of our procedures we conclude that the valuation is reasonable.

For further information on Valuation of investments in subsidiaries, refer to the following:

- Note 3, « Investments in subsidiaries ».

Ongoing claims and litigations

Areas of focus

During our audit procedures, we noted that the company was subject to a certain number of disputes with some third parties, some of them leading to ongoing litigations.

Given the level of uncertainty surrounding outstanding cases, judgement is also required to determine the potential outcome based on the facts and circumstances Management has in its possession.

Our audit response

We performed inquiries with Management to get an understanding of the different disputes and the ongoing litigations, we obtained a copy of the settlement agreement when a case was settled, we reviewed the listing of legal expenses recorded in 2019, we reviewed board minutes, we compared the actual settlement cost incurred in 2019 against the amount recorded as a provision at December 31, 2018, we reviewed Managements' assumptions, and we also sent external confirmations to the law firms hired by the company to deal with the different ongoing cases.

Based on the procedures performed above, we found that the assessment made by management was based upon reasonable assumptions, and the disclosure in the notes consistently applied.

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

- Note 27, « Contingent liabilities ».

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

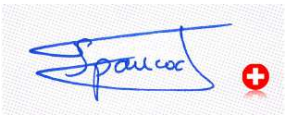
During our audit performed in accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system for the preparation of financial statements, designed in accordance with the instructions of the Board of Directors, is not commensurate with the entity's risks, given its size, complexity and risk profile.

In our opinion, the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the financial statements.

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

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

MAZARS SA



Franck Paucod
Licensed Audit Expert
(Auditor in Charge)

Daphné Naef
Licensed Audit Expert

Geneva, April 30, 2020

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