



Q3 2022 interim report

**Unaudited Interim Condensed Consolidated IFRS Financial
Statements for the three-month and nine-month period
ended September 30, 2022**

Unaudited Condensed Consolidated Balance Sheets

(in USD '000)	Notes	September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	9,684	54,734
Other receivables		174	3,560
Prepaid expenses		1,705	5,223
Total current assets		11,563	63,517
Non-current assets			
Right-of-use assets		313	625
Furniture, fixtures and equipment		45	58
Intangible assets	5	4,503	24,503
Other long-term assets		383	288
Total non-current assets		5,244	25,474
Total assets		16,807	88,991
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Other payables and current liabilities		7,213	9,038
Accrued expenses	10	2,353	13,783
Current borrowings	6	8,902	—
Current lease liabilities		367	686
Total current liabilities		18,835	23,507
Non-current liabilities			
Non-current lease liabilities		—	240
Non-current borrowings	6	—	25,733
Post-employment obligations	14	568	6,581
Other long-term liabilities		553	591
Total non-current liabilities		1,121	33,145
Shareholders' equity			
Share capital		8,467	6,489
Share premium		441,306	430,630
Reserves		35,129	32,195
Accumulated losses		(488,051)	(436,975)
Total shareholders' equity	7	(3,149)	32,339
Total liabilities and shareholders' equity		16,807	88,991

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

Unaudited Condensed Consolidated Statements of Comprehensive Loss

(in USD '000, except per share data)	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2022	2021	2022	2021
OPERATING INCOME OTHER THAN REVENUE					
Other operating income	8	3	20,098	4,852	20,108
Assignment income	8	3,709	—	3,709	—
Total operating income other than revenue		3,712	20,098	8,561	20,108
OPERATING EXPENSES					
Research and development expenses	9	(692)	(11,531)	(13,411)	(41,532)
General and administrative expenses		(3,649)	(7,035)	(18,393)	(15,114)
Impairment of intangible asset	5	—	—	(19,400)	—
Total operating expenses		(4,341)	(18,566)	(51,204)	(56,646)
OPERATING (LOSS) INCOME		(629)	1,532	(42,643)	(36,538)
Finance income		2,885	128	2,385	702
Finance expense		(2,494)	(822)	(4,472)	(2,423)
Loss on event of default	6	(17,586)	—	(17,586)	—
Gain on debt extinguishment	6	5,713	—	5,713	—
NET (LOSS) INCOME BEFORE TAX		(12,111)	838	(56,603)	(38,259)
Income tax income (expense)	11	54	(19)	(53)	(70)
NET (LOSS) INCOME FOR THE PERIOD		(12,057)	819	(56,656)	(38,329)
Net (loss) income per share					
Basic and Diluted	12	(0.13)	0.01	(0.65)	(0.52)
OTHER COMPREHENSIVE INCOME					
<i>Items that will not be reclassified to profit and loss</i>					
Remeasurements on post-employment benefit plans, net of tax	14	5,581	—	5,581	—
TOTAL OTHER COMPREHENSIVE INCOME		5,581	—	5,581	—
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(6,476)	819	(51,075)	(38,329)

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

Unaudited Condensed Consolidated Statements of Cash Flows

(in USD '000)	Notes	Nine-month period ended September 30,	
		2022	2021
NET LOSS BEFORE TAX FOR THE PERIOD		(56,603)	(38,259)
Adjustments for:			
Impairment of intangible asset		19,400	—
Loss on event of default		17,586	—
Gain on debt extinguishment		(5,713)	—
Depreciation expense		341	621
Post-employment cost		8	374
Share-based compensation expense		2,933	4,661
Finance expense, net		2,086	1,720
Other operating income		(4,852)	(20,095)
Assignment income		(3,709)	—
Changes in operating assets and liabilities:			
Other receivables		3,384	(2,896)
Prepaid expenses, deferred costs and other long-term assets		3,423	(357)
Other payables and current liabilities		652	(3,790)
Accrued expenses and other long-term liabilities		(10,003)	474
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(31,067)	(57,547)
Net proceeds from disposal of intangible assets		5,691	22,200
Payments for plant and equipment		(15)	(14)
NET CASH FLOWS FROM INVESTING ACTIVITIES		5,676	22,186
Prepayment of convertible debt		(31,000)	—
Proceeds from issuance of shares		6,596	49,049
Proceeds from issuance of convertible debt		8,610	—
Proceeds from issuance of warrants		915	—
Proceeds from exercise of warrants		—	22,117
Issuance costs related to convertible debt and warrant		(1,766)	—
Share issuance costs		(224)	(1,683)
Principal elements of lease payments		(522)	(508)
Interest paid		(1,926)	(1,725)
NET CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		(19,317)	67,250
Net (decrease) increase in cash, cash equivalents and restricted cash		(44,708)	31,889
Cash, cash equivalents and restricted cash at January 1,		54,734	31,183
Effects of exchange rate changes on cash, cash equivalents and restricted cash		(342)	(188)
Cash, cash equivalents and restricted cash at September 30,		9,684	62,884
NON-CASH FINANCING ACTIVITIES			
Issuance of common shares (in connection with conversion of convertible debt)		5,271	—

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

Unaudited Condensed Consolidated Statements of Changes in Equity

(in USD '000)	Share capital	Treasury shares	Share premium	Reserves	Accumulated losses	Total
January 1, 2021	4,878	(304)	356,822	26,353	(379,395)	8,354
Loss for the period	—	—	—	—	(38,329)	(38,329)
Other comprehensive loss	—	—	—	—	—	—
Total comprehensive loss	—	—	—	—	(38,329)	(38,329)
Issuance of treasury shares	1,515	(1,515)	—	—	—	—
Issuance of shares - ATM program	—	1,189	47,860	—	—	49,049
Share issuance costs	—	—	(1,683)	—	—	(1,683)
Exercise of warrants	555	—	21,562	—	—	22,117
Share-based remuneration	—	—	—	4,661	—	4,661
September 30, 2021	6,948	(630)	424,561	31,014	(417,724)	44,169
January 1, 2022	6,948	(459)	430,629	32,196	(436,976)	32,338
Loss for the period	—	—	—	—	(56,656)	(56,656)
Other comprehensive income	—	—	—	—	5,581	5,581
Total comprehensive loss	—	—	—	—	(51,075)	(51,075)
Issuance of treasury shares	1,947	(1,947)	—	—	—	—
Issuance of shares - ATM program	—	588	6,008	—	—	6,596
Share issuance costs - ATM program	—	—	(224)	—	—	(224)
Conversion rights value - convertible notes	—	—	290	—	—	290
Issuance of shares - convertible notes	1,390	—	3,881	—	—	5,271
Reclassification of warrants	—	—	722	—	—	722
Share-based remuneration	—	—	—	2,933	—	2,933
September 30, 2022	10,285	(1,818)	441,306	35,129	(488,051)	(3,149)

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

Notes to the Unaudited Condensed Consolidated Financial Statements

1. General information

ObsEva SA (the “Company”) was founded on November 14, 2012, and its address is 12 Chemin des Aulx, 1228 Plan-les-Ouates, Geneva, Switzerland. The terms “ObsEva” or “the Group” refer to ObsEva SA together with its subsidiaries included in the scope of consolidation (see Note 2.3).

The Group is focused on the development of novel therapeutics to improve women’s reproductive health and pregnancy. The Group has a portfolio of one in-licensed mid-stage development compound (nolasiban). The Group has no currently marketed products.

On July 27, 2022, the Company announced plans to initiate a corporate restructuring and refocus the Company’s development and commercialization strategy. The Board of Directors decided to undertake the following actions: (i) give notice of termination of the Company’s license agreement with Kissei Pharmaceutical Co., Ltd (“Kissei”) for the development and commercialization of linzagolix (the “Kissei License Agreement”); (ii) commence planned corporate restructuring to resize the Company to be able to meet its license obligations and assess strategic options with respect to pipeline development; and (iii) file an application to the competent court in Geneva, Switzerland for a court-sanctioned moratorium to facilitate the planned restructuring.

Following the termination of the Kissei License Agreement, the Company began a process to transition the linzagolix program to Kissei, including the assignment of clinical, manufacturing, and scientific contracts related to the development of linzagolix. As of the issuance date of the unaudited condensed consolidated financial statements, the Company has assigned substantially all contracts, representing approximately USD 5.0 million in transferred obligations to Kissei.

On September 12, 2022, following a consultation process with the Company’s employees, the Board of Directors authorized the termination of approximately 70% of employees, which the Company expects to substantially complete during the fourth quarter of 2022.

On October 20, 2022, the Company attended the first hearing with the competent court in Geneva, Switzerland, whereby the Company’s request to suspend proceedings through November 30, 2022 was granted.

On November 21, 2022, the Company entered into an IP Acquisition Agreement (the “IP Acquisition Agreement”) with XOMA Corporation (“XOMA”) for the sale of all of its rights to ebopiprant, for an upfront payment of USD 15 million and future milestone payments of up to approximately USD 98 million upon the achievement of certain development and regulatory milestones and sales milestones under the July 2021 license agreement with Organon & Co. (“Organon”). See Note 16 for future information on the IP Acquisition Agreement and related agreements. We expect the sale proceeds from this recent transaction with XOMA to enable the Company to resolve the over-indebtedness position. The Company has until December 15, 2022 to provide Swiss statutory financial information to the competent court in Geneva, Switzerland, at which time the Company intends to withdraw its moratorium proceedings. There is no assurance that we will be able to withdraw such moratorium proceedings. The Company continues to progress various corporate initiatives intended to resolve its over-indebtedness and support future pipeline development.

These unaudited condensed consolidated financial statements are presented in dollars of the United States (USD), rounded to the nearest thousand, except share and per share data, and have been prepared on the basis of the accounting principles described in Note 2.

These unaudited condensed consolidated financial statements were authorized for issue by the Audit Committee of the Company’s Board of Directors (the “Board of Directors”) on November 30, 2022.

2. Accounting principles and scope of consolidation

2.1 Basis of preparation and accounting principles

These unaudited three-month and nine-month interim condensed consolidated financial statements (the “unaudited condensed consolidated financial statements”) are prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (the “IASB”).

Accounting policies

Accounting policies used in the preparation and presentation of these unaudited condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2021 (the “annual financial statements”), which should be read in conjunction with these unaudited condensed consolidated financial statements as they provide an update of previously reported information.

Operating income other than revenue

Other operating income includes royalty and milestone income from the out-licensing of intellectual property when ObsEva retains an interest in the intellectual property through a license. Milestone income is recognized at the point in time when it is highly probable that the relevant milestone event criteria are met, and the risk of reversal of revenue recognition is remote. Royalty income earned through a license is recognized when the underlying sales have occurred.

Assignment income represents contractual obligations transferred upon assignment of vendor contracts to a third party and is recognized upon execution of the assignment contract.

Going concern

The Company has incurred recurring losses since inception, including net losses of USD 56.7 million for the nine-month period ended September 30, 2022. As of September 30, 2022, the Company had accumulated losses of USD 518.7 million, of which USD 30.6 million were offset with share premium. The Company expects to continue to generate operating losses for the foreseeable future. As of September 30, 2022, the Company had cash and cash equivalents of USD 9.7 million. These unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. To date, the Company has funded its operations through equity and debt offerings and through payments from licensors. The Company believes that its current cash and cash equivalents, after taking into account the upfront payment of USD 15 million from the IP Acquisition Agreement with XOMA and the Company's corporate restructuring actions, including a mass dismissal process pursuant to Swiss law, are sufficient to fund its operating expenses through the fourth quarter of 2023 and this raises substantial doubt about the Company's ability to continue as a going concern. These factors individually and collectively indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern within one year from the date of the issuance of these unaudited condensed consolidated financial statements. The future viability of the Company is dependent on its ability to implement a successful corporate reorganization and to raise additional capital to finance its future operations. The Company may receive future milestone payments from licensors or pursuant to the IP Acquisition Agreement, but that is dependent on achieving certain regulatory or commercial milestones that may never happen. The Company may seek additional funding through public or private financings, debt financing or collaboration agreements. The sale of additional equity may dilute existing shareholders and newly issued shares may contain senior rights and preferences compared to currently outstanding common shares. Issued debt securities may contain covenants and limit the Company's ability to pay dividends or make other distributions to shareholders. The Company may also be subject to certain restrictions and limitations on raising funds if the Company is unable to withdraw its pending moratorium proceedings and the court-sanctioned moratorium is granted by the competent court in Geneva, Switzerland or if the Company does not regain compliance with the continued listing standards of Nasdaq. The inability to obtain funding, as and when needed, would have a negative impact on the Company's operations, financial condition and ability to pursue its business strategies. If the Company is unable to obtain the required funding to run its operations and to develop and commercialize its product candidates, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business prospects, or the Company may be unable to continue operations. Management continues to explore all potential options to obtain additional funding. However, there is no assurance that the Company will be successful in raising funds, obtaining sufficient funding on terms acceptable to the Company, or if at all, which could have a material adverse effect on the Group's business, results of operations and financial conditions.

2.2 Use of estimates and assumptions

The preparation of unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. The Company bases the estimates on historical experience and on various other assumptions that the Company believes are reasonable, the results of which form the basis for making judgments about the carrying value of assets, liabilities and equity and the amount of revenues and expenses. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the unaudited condensed consolidated financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

2.3 Scope of consolidation

The Company consolidates the financial operations of its four fully-owned subsidiaries, ObsEva Ireland Ltd, which is registered in Cork, Ireland and organized under the laws of Ireland, ObsEva Europe B.V., which is registered and organized under the laws of Netherlands, ObsEva Switzerland SA, which is registered and organized under the laws of Switzerland, and ObsEva USA Inc., which is registered and organized under the laws of Delaware, USA. ObsEva Ireland Ltd, ObsEva Europe B.V., and ObsEva Switzerland SA had no operations and no results of operations to report as of September 30, 2022 and 2021.

3. Fair value estimation and financial instruments

The carrying value less impairment provision of receivables and payables approximate their fair values due to their short-term nature.

The Company's financial assets and liabilities consist of cash and cash equivalents, other receivables, other payables and accruals which are classified as loans and receivables at amortized cost according to IFRS 9.

Assets recorded at fair value on a nonrecurring basis, such as intangible assets are recognized at fair value when they are impaired.

4. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

5. Intangible assets

The Company's intangible assets consisted of the following:

(in USD '000)	September 30, 2022			Net Book Value
	Gross Carrying Value	Disposal	Impairment	
Intangible assets				
Linzagolix	20,000	(600)	(19,400)	—
Nolasiban	4,503	—	—	4,503
Total	24,503	(600)	(19,400)	4,503

(in USD '000)	December 31, 2021			Net Book Value
	Gross Carrying Value	Disposal	Impairment	
Intangible assets				
Linzagolix	20,000	—	—	20,000
Nolasiban	4,503	—	—	4,503
Ebopiprant	2,105	(2,105)	—	—
Total	26,608	(2,105)	—	24,503

On February 10, 2022, the Company entered into a strategic licensing agreement with Theramex HQ UK Limited ("Theramex") to support the commercialization and market introduction of linzagolix across global markets outside of the U.S., Canada and Asia ("Theramex License Agreement"). Given the out-licensing of linzagolix in certain territories to Theramex, the Company concluded that a portion of the linzagolix intangible assets should be de-recognized. The Company calculated the out-licensed territories as representing 3% of the probability-weighted gross profit from linzagolix product sales world-wide and as a result, recorded a partial derecognition of USD 0.6 million of intangible asset.

During the second quarter of 2022, the Company identified an interim impairment trigger for the linzagolix intangible asset resulting from the review issues communicated by the U.S. Food and Drug Administration (FDA) regarding deficiencies in the New Drug Application (NDA) for linzagolix for uterine fibroids. After performing an interim impairment assessment, the Company concluded that the full remaining net book value of the asset was impaired as of June 30, 2022 and recorded a charge of USD 19.4 million. The impairment charge is recorded in impairment of intangible asset on the unaudited condensed consolidated statements of comprehensive loss.

6. Borrowings

In October 2021, the Company entered into a convertible note financing agreement (the "Securities Purchase Agreement") with certain funds and accounts managed by JGB Management Inc. ("JGB"), which is structured to provide up to USD 135 million in borrowing capacity, available in nine tranches. In connection with the initial closing which included a borrowing amount of USD 31.5 million (offer issue discount of USD 1.5 million) for the first tranche, the Company received gross proceeds of USD 30.0 million. The following is the activity of the Company's borrowings for the nine-months ended September 30, 2022:

(in USD '000)	2022
Borrowings as of January 1,	\$ 25,733
Issuance of convertible note, net of transaction costs	6,879
Loss on event of default	17,586
Prepayment of convertible notes	(31,000)
Gain on debt extinguishment	(5,713)
Change in value of conversion price	(163)
Conversion of convertible note	(4,901)
Change in estimated prepayment penalty	(970)
Interest expense	3,663
Interest paid	(2,212)
Borrowings as of September 30,	\$ 8,902

On January 28, 2022, the Company entered into an amendment agreement (the “Amendment Agreement”) with JGB regarding the second tranche of the Securities Purchase Agreement (the “Second Tranche”), which adjusted the principal balance payable at maturity for the Second Tranche to USD 10.5 million (USD 975 thousand of original issue discount). In addition, as adjusted pursuant to the Amendment Agreement, the Company issued a warrant to purchase 1,018,716 common shares of the Company at an exercise price of \$1.87 per share. The fair value of the second tranche was determined to equal the USD 9.5 million in cash proceeds received and was allocated by using the fair value of the warrants (USD 900 thousand), the fair value of the liability portion of the convertible feature (USD 8.4 million) and the fair value of the conversion option (USD 200 thousand). The proceeds from the issuance of the second tranche convertible note was USD 6.9 million, net of 1.5 million in transaction costs.

On July 27, 2022, the Company’s previously announced application to the courts of competent jurisdiction of the Swiss canton of Geneva for a preliminary moratorium resulted in certain events of default (the “Events of Default”) under the outstanding convertible notes issued under the Securities Purchase Agreement (the “Notes”). Upon the Event of Default, the gross carrying value of the Notes was adjusted from the previous carrying amount of USD 33.0 million to USD 50.6 million to reflect the estimated contractual cash flows. The adjustment of USD 17.6 million included a 25% prepayment penalty of USD 10.1 million (as provided in the Transaction Agreements) and the unamortized original issue discount of USD 7.5 million and was recognized as ‘Loss on event of default’ within the unaudited condensed consolidated statement of comprehensive loss for the three- and nine- month period ending September 30, 2022.

On July 31, 2022, the Company entered into an amendment and forbearance agreement (the “Amendment”) with JGB in relation to the Securities Purchase Agreement, that certain Senior Secured Convertible Note due October 12, 2024, in the aggregate original principal amount of approximately \$31.5 million (the “First Tranche Note”), and that certain Senior Secured Convertible Note due January 28, 2025, in the aggregate original principal amount of USD 10.5 million (the “Second Tranche Note”, and together with the First Tranche Note, the “Outstanding Notes”, and together with the Securities Purchase Agreement and ancillary agreements thereto, the “Transaction Agreements”). Pursuant to the Amendment, the Company and JGB agreed to apply USD 31.0 million (the “Account Balances”) previously held in a control account in accordance with the Transaction Agreements against the Outstanding Notes on a pro rata basis, and JGB waived any application of the 25% prepayment premium permitted under the Outstanding Notes with respect to the Account Balances through the forbearance period. In addition, JGB agreed to refrain and forebear from exercising or pursuing any rights or remedies under the Securities Purchase Agreement, the Notes, or any ancillary agreements thereto (the “Transaction Agreements”), with respect to the Events of Default until the earlier to occur of (i) October 29, 2022, (ii) the occurrence of any event of default under the Transaction Agreements (other than the Events of Default), and (iii) the date upon which a preliminary moratorium has been granted by the courts of competent jurisdiction of the Swiss canton of Geneva. In exchange for the waiver of the prepayment penalty and forbearance on exercising such rights and remedies, USD 1.5 million was added to the outstanding principal balance under the Outstanding Notes, resulting in an aggregate outstanding balance of approximately USD 11.0 million under the Outstanding Notes, the conversion price of the Outstanding Notes was adjusted to a conversion price of USD 0.26 per share (subject to adjustment as provided in the Outstanding Notes) and the Company’s right to mandatory conversion of any convertible notes issued pursuant to the Securities Purchase Agreement, including the Outstanding Notes, was terminated. In addition, JGB is no longer obligated to fund any future mandatory or optional tranche closing under the Securities Purchase Agreement.

The modification of the Notes was evaluated under IFRS 9, “Financial Instruments”. According to the guidance, the instruments were determined to be substantially different, and the transaction qualified for extinguishment accounting. As a result, the Company recorded a gain on debt extinguishment of USD 5.7 million during the three- and nine-months ended September 30, 2022, which represents the difference between the consideration paid of USD 44.9 million and the carrying value of the Outstanding Notes upon extinguishment of USD 50.6 million. The consideration paid included the USD 31.0 million in cash paid, the USD 11.0 million in convertible notes issued, the USD 2.7 million of prepayment penalty applied to the new debt and value of the change in conversion price of USD 0.2 million.

During the nine-month period ended September 30, 2022, JGB converted USD 4.9 million of the outstanding principal balance and USD 0.4 million of accrued and unpaid interest under the Outstanding Notes into 17,246,134 common shares. In connection with the note conversions in the third quarter, approximately USD 1.0 million of the estimated prepayment penalty was reversed and recorded as finance income on the Company's unaudited condensed consolidated statements of comprehensive loss.

The balances of the Outstanding Notes are measured as the value of the expected future cash flows and classified as short-term on the unaudited condensed consolidated balance sheets as of September 30, 2022.

On October 26, 2022, the Company entered into an amendment and forbearance extension agreement (the "Extension Amendment") with JGB. Pursuant to the Extension Amendment, JGB agreed to refrain and forebear from exercising or pursuing any rights or remedies under the Transaction Agreements with respect to the Events of Default until the earlier to occur of (i) December 1, 2022, (ii) the occurrence of any event of default under the Transaction Agreements (other than the Events of Default), and (iii) the date upon which a preliminary moratorium has been granted by the courts of competent jurisdiction of the Swiss canton of Geneva. In exchange for the forbearance on exercising such rights and remedies, (i) the conversion price for USD 2,000,000 of outstanding principal amount of the Outstanding Notes was adjusted to a conversion price of USD 0.19 per share (subject to adjustment as provided in the Outstanding Notes), and (ii) an aggregate of USD 500,000 of outstanding principal amount (such amount a part of the USD 2,000,000 principal amount with a conversion price of USD 0.19 per share) and all accrued and unpaid interest on the Outstanding Notes through and including October 31, 2022, was exchanged for 2,631,579 common shares, representing a conversion price of USD 0.19 per share.

On November 21, 2022, the Company and JGB entered into a Consent and Amendment Agreement (the "Consent"), whereby the Company agreed to maintain restricted cash equal to the total amount of outstanding principal and accrued interest of USD 6.8 million under the Outstanding Notes, subject to reduction upon conversion or payoff of the notes and agreed to amend the maturity date for each Outstanding Note to December 31, 2023.

7. Shareholders' equity

Share capital and share premium

As of September 30, 2022, the total outstanding share capital of USD 8.5 million, fully paid, consists of 104,022,489 common shares, excluding 21,844,489 treasury shares. As of December 31, 2021, the total outstanding share capital of USD 6.5 million, fully paid, consisted of 79,955,268 common shares, excluding 5,265,203 treasury shares. All shares have a nominal value of 1/13 of a Swiss franc, translated into USD using historical rates at the issuance date.

During the nine-months ended September 30, 2022, JGB converted USD 5.4 million of the outstanding principal and USD 0.4 million of the accrued and unpaid interest under the Outstanding Notes into 17,246,134 common shares. As the conversions were completed within the terms of the Securities Purchase Agreement, no gain or loss was recognized as a result of these conversions.

In February 2022, the Company announced the issuance of 23,400,000 common shares at par value of 1/13 of a Swiss franc per share. The shares were fully subscribed for by a fully owned subsidiary of the Company and listed on the SIX Swiss Exchange accordingly. The shares were initially held as treasury shares.

During the nine-months period ended September 30, 2022, the Company sold a total of 6,821,086 treasury shares at an average price of USD 0.97 per share, as part of its ATM program with SVB Leerink LLC. These multiple daily transactions generated total gross proceeds of USD 6.6 million. Directly related share issuance costs of USD 0.2 million were recorded as a deduction in equity. The Company's ATM program with SVB Leerink LLC expired during the three-months ended September 30, 2022.

During the nine-months ended September 30, 2021, the Company sold a total of 13,949,613 treasury shares at an average price of USD 3.51 per share, as part of its expired ATM programs. These multiple daily transactions generated total gross proceeds of USD 49.0 million. Directly related share issuance costs of USD 1.5 million were recorded as a deduction in equity. In addition, during the first quarter of 2021, the Company received proceeds of USD 22.1 million from the exercise of 6,448,240 warrants.

Warrants issued with Securities Purchase Agreement with JGB

On January 28, 2022, in connection with the second tranche under the Securities Purchase Agreement, the Company issued to JGB a warrant to purchase 1,018,716 common shares of the Company. The warrant has an exercise price of USD 1.87 per share. The Company determined the fair value of the warrant on January 28, 2022 using the Black Scholes model by using a risk-free interest rate of 1.78%, an expected term of 3 years, and an implied volatility of 96.5%. The fair value was calculated to be approximately USD 915 thousand on January 28, 2022. This valuation is considered to be Level 2 in the fair value hierarchy. The Company allocated the transaction fees, including the USD 1.25 million waiver payment, associated with the Securities Purchase Agreement based on the debt balance and the fair value of the warrant liability on January 28, 2022. The allocation of the transaction fees associated with the

warrant liability was USD 163 thousand and was recorded as a period cost and included in finance expense on the Company's unaudited condensed consolidated statements of comprehensive loss.

Because the warrants were not exercisable until its affiliated registration statement was declared effective, the Company had to revalue the warrant liability on the date of the effective date of the registration statement which was March 1, 2022. The Company revalued the fair value of the warrants on March 1, 2022 using the Black Scholes model by using a risk-free interest rate of 1.72%, an expected term of 3 years, and an implied volatility of 95.8%. The fair value was calculated to be approximately USD 722 thousand on March 1, 2022. The resulting change in fair values from January 28, 2022 to March 1, 2022 of USD 193 thousand is recorded as a period cost and is included in finance income on the Company's unaudited condensed consolidated statements of comprehensive loss.

8. Operating income other than revenue

On February 10, 2022, the Company entered into the Theramex License Agreement with Theramex to support the commercialization and market introduction of linzagolix across global markets outside of the U.S., Canada and Asia. Under the terms of the Theramex License Agreement, the Company was entitled to receive royalties of a mid-thirties percentage on commercial sales up to EUR 72.75 million in upfront and milestone payments, including EUR 5 million obtained upon signing, up to EUR 13.75 million in development and commercial milestones and up to EUR 54 million in sales-based milestones.

As the Company received marketing authorization for the uterine fibroid indication in the European Union and the UK, the upfront payment of EUR 5.0 million was fully recognized during the nine-months ended September 30, 2022. The gain on the disposal of the asset, net of de-recognition of intangible asset, of USD 4.8 million is recorded in Other operating income on the Company's unaudited condensed consolidated statements of comprehensive loss.

As a result of termination of the Kissei License Agreement, the Theramex License Agreement was automatically assigned to Kissei and the Company has no further rights or obligations under the agreement. In addition, the Company assigned to Kissei a number of clinical, manufacturing, and scientific contracts related to the development of linzagolix. These assignments resulted in the transfer of USD 3.7 million in contractual obligations to Kissei, which was recognized as Assignment income on the unaudited condensed consolidated statements of comprehensive loss in the three- and nine-month periods ended September 30, 2022.

Subsequent to September 30, 2022, the Company assigned substantially all remaining contracts which represented an incremental USD 1.3 million in transferred contractual obligations. See Note 16 for the events occurring after the reporting period for further information.

9. Research and development expenses

Research and development expenses consist of costs incurred in performing research and development activities, including salaries and bonuses, stock-based compensation, employee benefits, facilities costs, laboratory supplies, depreciation, manufacturing expenses as well as external costs of vendors engaged to conduct preclinical development activities and clinical trials.

10. Accrued expenses

Accrued expenses as of September 30, 2022 and December 31, 2021 consist of the following:

<i>in USD '000</i>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Accrued research and development expenses	835	10,123
Accrued compensation-related expenses	1,318	3,125
Accrued other expenses	200	535
Total accrued expenses	<u>2,353</u>	<u>13,783</u>

Accrued research and development expenses decreased as of September 30, 2022 as compared to December 31, 2021 as a result of the Company's termination of the Linzagolix program and the assignment of contractual obligations to Kissei. The decrease in accrued compensation-related expenses was primarily due to adjustments to the estimated accrued bonus expense as a result of the Company's corporate restructuring.

11. Income tax

The Group is subject to income taxes in various jurisdictions, including primarily in Switzerland and the United States.

Since January 1, 2020, the Company is subject in Switzerland to a municipal and cantonal income tax rate of 14.0% and to a federal tax rate of 8.5% on its profits after tax. It is entitled to carry forward any loss incurred for a period of seven years and can offset such

losses carried forward against future taxes. In 2015, the Company was granted by the State Council of the Canton of Geneva an exemption of income and capital tax at municipal and cantonal levels for the period from 2013 until 2022. Because of this exemption, and the fact that the Company has incurred net losses since its inception, no income tax expense at the municipal, cantonal or federal levels was recorded in the Company for the three-month and nine-month periods ended September 30, 2022 and 2021. Additionally, due to the uncertainty as to whether it will be able to use its net loss carryforwards for tax purposes in the future, no deferred taxes have been recognized on the balance sheet of the Company as of September 30, 2022 and December 31, 2021.

The Company's U.S. subsidiary is a service organization for the Group and is therefore subject to taxes on the revenues generated from its services to the Group that are charged based upon the U.S. subsidiary's cost-plus arrangement with the Group. The profits of the U.S. subsidiary during the three-month and nine-month periods ended September 30, 2022 and 2021 were each subject to a total U.S. income tax rate of 27.3% based on both the U.S. federal and state tax rates.

12. Loss per share

As of September 30, 2022 and 2021, the Company has one category of shares, which are common shares. The basic loss per share is calculated by dividing the loss of the period attributable to the common shares by the weighted average number of common shares outstanding during the period as follows:

	Three-month period ended September 30, 2022	Nine-month period ended September 30, 2022
Net loss attributable to shareholders (in USD '000)	(12,057)	(56,656)
Weighted average number of common shares outstanding	95,979,383	87,318,374
Basic and diluted loss per share (in USD)	(0.13)	(0.65)

	Three-month period ended September 30, 2021	Nine-month period ended September 30, 2021
Net income (loss) attributable to shareholders (in USD '000)	819	(38,329)
Weighted average number of common shares outstanding	77,971,008	74,152,705
Basic and diluted income (loss) per share (in USD)	0.01	(0.52)

For the three-month and nine-months ended September 30, 2022, 11,282,406 shares issuable upon the exercise of stock-options and 30,044,464 shares issuable upon conversion of notes and/or exercise of warrants issued to JGB pursuant to the Securities Purchase Agreement, which would have an anti-dilutive impact on the calculation of the diluted earnings per share, were excluded from the calculation. For the three-month and nine-month periods ended September 30, 2021, 9,188,388 shares issuable upon the exercise of stock-options and warrants, respectively, which would have an anti-dilutive impact on the calculation of the diluted earnings per share, were excluded from the calculation. Furthermore, the inclusion of dilutive shares for the three-month period ended September 30, 2021 would have no impact on the determined income (loss) per share.

13. Leases

On May 10, 2022, the Company entered into a 120-month lease for office space and parking spaces in Geneva, Switzerland. The lease was for approximately 7,513 square feet and 4 parking spaces with the Company planned to gain access to the leased areas on October 1, 2022. On September 30, 2022, the landlord terminated this lease.

14. Post-employment benefits

In accordance with the mandatory Swiss pension fund law, all Swiss employees of the Company participate in a retirement defined benefit plan. As a result of the workforce reductions described in Note 1, the Company remeasured pension assets and benefit obligations as of September 30, 2022, which resulted in a reduction to its plan benefit obligations of USD 5.4 million. This remeasurement resulted in a non-cash, pre-tax net actuarial gain of \$5.4 million for the three-months ended September 30, 2022. This net actuarial gain, which includes a curtailment gain of \$0.2 million, is presented in the Unaudited Condensed Consolidated Statements of Comprehensive Loss for the three- and nine- months ended September 30, 2022, as a component of Other comprehensive income.

<i>in USD '000</i>	<u>2022</u>
<i>Change in defined benefit obligation</i>	
Defined benefit obligation at January 1,	(21,643)
Current service cost	(1,299)
Interest cost	(51)
Net benefits paid	2,424
Currency translation effects	1,158
Remeasurements:	
Curtailment	9,274
Effect of changes in financial assumptions	4,665
Effect in experience assumptions	840
Defined benefit obligation at September 30,	(4,632)

<i>in USD '000</i>	<u>2022</u>
<i>Change in plan assets</i>	
Fair value of plan assets at January 1,	15,063
Interest income	36
Employer contributions	533
Employee contributions	533
Net benefits paid	(2,424)
Curtailment	(9,034)
Currency translation effects	(719)
Remeasurements: return on plan assets (excluding interest income)	76
Fair value of plan assets at September 30,	4,064

<i>in USD '000</i>	<u>Year ended September 30, 2022</u>
Components of defined benefit cost	
Current service cost	1,299
Interest expense on defined benefit obligation	51
Interest income on plan assets	(36)
Employee contributions	(533)
Impact of plan amendment	(240)
Total included in staff costs	541

<i>in USD '000</i>	<u>Year ended September 30,</u> <u>2022</u>
Remeasurements recognized in other comprehensive loss	
Effect of changes in financial assumptions	4,665
Effect in experience assumptions	840
Return on plan assets (excluding interest income)	76
Total remeasurements recognized as other comprehensive loss	5,581
Cumulative amount of remeasurements immediately recognized in other comprehensive loss	<u>(1,461)</u>

<i>in USD '000</i>	<u>As of September 30,</u> <u>2022</u>
Amounts recognized in the statement of financial position	
Defined benefit obligation	(4,632)
Fair value of plan assets	4,064
Net liability	<u>(568)</u>

<i>in USD '000</i>	<u>2022</u>
Change in defined benefit liability	
Net defined benefit liability at January 1,	(6,581)
Defined benefit cost included in statement of comprehensive loss	(541)
Total remeasurements included in other comprehensive loss	5,581
Employer contributions	533
Currency translation effects	440
Net defined benefit liability at September 30,	<u>(568)</u>

The principal actuarial assumptions used were as follows:

	<u>2022</u>
Discount rate	2.15%
Salary increase (including inflation)	1.00%
Rate of pension increases	0.25%
Post-employment mortality table	LPP 2020 G

15. Segment information

The Group operates in one segment, which is the research and development of innovative women's reproductive, health and pregnancy therapeutics. The marketing and commercialization of such therapeutics depend, in large part, on the success of the development phase. The Chief Executive Officer of the Company reviews the consolidated statements of operations of the Group on an aggregated basis and manages the operations of the Group as a single operating segment. The Group currently generates no revenue from the sales of therapeutics products, and the Group's activities are not affected by any significant seasonal effect.

The geographical analysis of non-current assets is as follows:

(in USD '000)	September 30, 2022	December 31, 2021
Switzerland	5,153	25,385
USA	91	89
Total non-current assets	5,244	25,474

The geographical analysis of operating expenses is as follows:

(in USD '000)	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022	2021	2022	2021
Switzerland	4,553	17,131	50,470	52,016
USA	(212)	1,435	734	4,630
Total operating expenses	4,341	18,566	51,204	56,646

16. Events after the reporting period

Subsequent to September 30, 2022, following the termination of the Kissei License Agreement, the Company completed the assignment of substantially all of the remaining contracts related to the ongoing development of linzagolix to Kissei with contractual obligations of approximately USD 1.3 million. Refer to Note 1 and Note 8 above for further information on the termination of the Kissei License Agreement.

On October 26, 2022, the Company entered into the Extension Amendment with JGB. Refer to Note 6 for further information on the Extension Amendment and the Company's Securities Purchase Agreement and Outstanding Notes with JGB.

On November 22, 2022, the Company announced that it had entered into the IP Acquisition Agreement with XOMA for the sale of all of its rights to ebopiprant, an investigational, orally active, selective prostaglandin F2 α (PGF2 α) receptor antagonist being evaluated as a potential treatment for preterm labor by reducing inflammation and uterine contractions, for an upfront payment of USD 15 million and future milestone payments of up to approximately USD 98 million upon the achievement of certain development and regulatory milestones and sales milestones under the July 2021 license agreement with Organon. Under the terms of the agreement, the Company sold to XOMA all of its rights, including the assignment of its license agreements with Organon and Merck Serono, and the intellectual property estate of ebopiprant. The Company does not have material remaining performance obligations related to Organon or XOMA for ebopiprant.

In conjunction with the execution of the IP Acquisition Agreement, the Company and JGB entered into a Consent and Amendment Agreement (the "Consent"), whereby JGB consented to the Company's transaction with XOMA, and the Company agreed to maintain restricted cash equal to the total amount of outstanding principal and accrued interest of USD 6.8 million under the outstanding convertible notes held by certain funds and accounts managed by JGB, subject to reduction upon conversion or payoff of the notes, and agreed to amend the maturity date for each Outstanding Note to December 31, 2023.

In November 2022, following the execution of the Consent, JGB converted an aggregate of USD 0.2 million of the outstanding principal under the Outstanding Notes into 1,052,632 common shares.

On December 1, 2022, the competent court in Geneva, Switzerland granted the Company until December 15, 2022 to provide the Swiss courts with Swiss statutory financial information, at which time the Company intends to withdraw its moratorium proceedings. There is no assurance that the Company will be able to withdraw such moratorium proceedings.

Financial Review

Overview

We are a biopharmaceutical company focused on the development of novel therapies to improve women's reproductive health. We are advancing a development program focused on improving clinical pregnancy and live birth rates in women undergoing in vitro fertilization.

On July 27, 2022, we announced plans to initiate a corporate restructuring and refocus our development and commercialization strategy. We believed these changes were necessary due to the commercial landscape and potential additional capital needed to fund the completion of the linzagolix clinical development program, as the U.S. Food and Drug Administration ("FDA") notified us of review issues regarding deficiencies in the New Drug Application ("NDA") for linzagolix for uterine fibroids. These review issues precluded discussion of labeling and post-marketing commitments. As a result, our Board of Directors decided to undertake the following actions in July 2022: (i) give notice of termination of our license agreement with Kissei Pharmaceutical Co., Ltd ("Kissei") for the development and commercialization of linzagolix (the "Kissei License Agreement"); (ii) commence planned corporate restructuring to resize the Company to be able to meet its license obligations and assess strategic options with respect to pipeline development; and (iii) file an application to the competent court in Geneva, Switzerland for a court-sanctioned moratorium to facilitate the planned restructuring.

As a result of the termination of the Kissei License Agreement, our licensing agreement with Theramex HQ UK Limited ("Theramex") for the commercialization and further development of linzagolix across global markets outside of the U.S., Canada and Asia (the "Theramex License Agreement"), was automatically assigned to Kissei and we have no further rights or obligations under the agreement. In addition, we assigned to Kissei a number of clinical, manufacturing, and scientific contracts related to the development of linzagolix. As of the issuance date of the unaudited condensed consolidated financial statements, we have assigned substantially all contracts associated with the linzagolix program which represents approximately USD 5.0 million in transferred obligations to Kissei.

On September 12, 2022, following a consultation process with our employees, the Board of Directors authorized the termination of approximately 70% of employees. We expect to substantially complete the terminations during the fourth quarter of 2022, and to achieve savings of approximately \$7.6 million on an annual basis, which represents estimated cash compensation related to salary, bonus, and benefits to affected employees.

On October 20, 2022, we attended the first hearing with the competent court in Geneva, Switzerland, whereby our request to suspend proceedings through November 30, 2022 was granted. On December 1, 2022, the competent court in Geneva, Switzerland granted the Company until December 15, 2022 to provide the Swiss courts with Swiss statutory financial information, at which time we intend to withdraw our moratorium proceedings, however there is no assurance that we will be able to withdraw such moratorium proceedings.

On October 26, 2022, we entered into an amendment and forbearance extension agreement (the "Extension Amendment") with certain funds and accounts managed by JGB Management, Inc. ("JGB") related to our securities purchase agreement (the "Securities Purchase Agreement"), that certain Senior Secured Convertible Note due October 12, 2024, in the aggregate original principal amount of approximately \$31.5 million (the "First Tranche Note"), and that certain Senior Secured Convertible Note due January 28, 2025, in the aggregate original principal amount of USD 10.5 million (the "Second Tranche Note", and together with the First Tranche Note, the "Outstanding Notes", and together with the Securities Purchase Agreement and ancillary agreements thereto, the "Transaction Agreements") with JGB. Pursuant to the Extension Amendment, JGB agreed to refrain and forebear from exercising or pursuing any rights or remedies under the Transaction Agreements with respect to the events of default under the Outstanding Notes resulting from our previously announced application to the courts of competent jurisdiction of the Swiss canton of Geneva for a preliminary moratorium (the "Events of Default") until the earlier to occur of (i) December 1, 2022, (ii) the occurrence of any event of default under the Transaction Agreements (other than the Events of Default), and (iii) the date upon which a preliminary moratorium has been granted by the courts of competent jurisdiction of the Swiss canton of Geneva. In exchange for the forbearance on exercising such rights and remedies, (i) the conversion price for USD 2.0 million of outstanding principal amount of the Outstanding Notes was adjusted to a conversion price of USD 0.19 per share (subject to adjustment as provided in the Outstanding Notes), and (ii) an aggregate of USD 0.5 million of outstanding principal amount (such amount a part of the USD 2.0 million principal amount with a conversion price of USD 0.19 per share) and all accrued and unpaid interest on the Outstanding Notes through and including October 31, 2022, was exchanged for 2,631,579 common shares, representing a conversion price of USD 0.19 per share.

On November 21, 2022, we announced that we had entered into an IP Acquisition Agreement (the "IP Acquisition Agreement") with XOMA Corporation ("XOMA") for the sale of all of our rights to ebopiprant, an investigational, orally active, selective prostaglandin F_{2α} (PGF_{2α}) receptor antagonist being evaluated as a potential treatment for preterm labor by reducing inflammation and uterine contractions, for an upfront payment of USD 15 million and future milestone payments of up to approximately USD 98 million upon the achievement of certain development and regulatory milestones and sales milestones under the July 2021 license agreement with Organon. Under the terms of the agreement, we sold to XOMA all of our rights, including the assignment of our July 2021 license agreement with Organon & Co. ("Organon") and June 2015 license agreement with Merck KGaA, Darmstadt, Germany related to ebopiprant, and the intellectual property estate, to ebopiprant. As consideration for the sale of all of our rights to ebopiprant, we received an upfront cash payment of USD 15 million upon the closing of the transaction, and we are eligible to receive up to

approximately USD 98 million upon the achievement of certain development and regulatory milestones and sales milestones under our July 2021 license agreement with Organon for ebopiprant that was sold to XOMA in the transaction. We do not have any remaining performance obligations related to Organon or XOMA for ebopiprant.

We expect proceeds from the IP Acquisition Agreement with XOMA to resolve our overindebted position, enabling us to apply to the Swiss courts for the dismissal of moratorium proceedings and regain compliance with The Nasdaq Stock Market (“Nasdaq”) stockholders’ equity requirement for continued listing. On December 1, 2022, the competent court in Geneva, Switzerland granted the Company until December 15, 2022 to provide the Swiss courts with Swiss statutory financial information, at which time we intend to withdraw our moratorium proceedings, however there is no assurance that we will be able to withdraw such moratorium proceedings.

On November 21, 2022, we and JGB entered into a Consent and Amendment Agreement (the “Consent”), whereby JGB consented to our transaction with XOMA, and we agreed to maintain restricted cash equal to the total amount of outstanding principal under the Outstanding Notes, subject to reduction upon conversion or payoff of the notes and agreed to amend the maturity date for each Outstanding Note to December 31, 2023.

Our portfolio currently consists of one mid-stage development in-licensed compounds (nolasiban) in development to address areas that we believe present significant unmet medical needs:

Nolasiban for the improvement of pregnancy and birth rates in women undergoing embryo transfer following in-vitro fertilization

In January 2020, we and Hangzhou YuYuan BioScience Technology Co., Ltd., or YuYuan, entered into a sublicense agreement (the “YuYuan Sublicense Agreement”) to develop and commercialize nolasiban, an oral oxytocin receptor antagonist, to improve clinical pregnancy and live birth rates in women undergoing in-vitro fertilization, or IVF, in the People's Republic of China. Under the terms of the agreement, YuYuan has the exclusive rights to develop and commercialize nolasiban in China and will fund all development and registration activities in China. On October 13, 2022, we announced that Yuyuan’s IND application for a Phase 1 trial of nolasiban was approved by the Center for Drug Evaluation at the Chinese National Medical Products Administration. Yuyuan plans to initiate a single-center, randomized, double-blind, placebo-controlled Phase 1 clinical trial in China to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamic characteristics of nolasiban in healthy adult female subjects. We retain all rights to the product outside of China and have agreed to collaborate with YuYuan on its global development. Our development and commercialization partnership with YuYuan continues with steering committee meetings to define the development plan for nolasiban in China for women undergoing embryo transfer following IVF.

We were founded in November 2012 and our operations to date have included organizing and staffing our company, raising capital, in-licensing rights to our portfolio and conducting nonclinical studies and clinical trials. To date, we have not generated any revenue from product sales as none of our product candidates have been approved for commercialization. We have historically financed our operations mostly through the sale of equity and debt. From inception through September 30, 2022, we raised an aggregate of USD 447.7 million of net proceeds from the sale of equity securities and USD 64.5 million from the issuance of debt instruments, of which USD 56.0 million has been repaid.

We have never been profitable and have incurred significant net losses in each period since our inception. Our net losses were USD 56.7 million and USD 38.3 million for the nine-months ended September 30, 2022 and September 30, 2021, respectively. As of September 30, 2022, we had accumulated losses of USD 518.7 million, out of which USD 30.6 million were offset with share premium. We expect to continue to incur operating losses for the foreseeable future. We used USD 31.1 million and USD 57.5 million of cash in operations in the nine-months ended September 30, 2022 and September 30, 2021, respectively.

We anticipate that our expenses will remain substantial in connection with our ongoing activities as we continue to invest in the clinical development of nolasiban and any clinical trials, nonclinical studies and pre-commercial activities that we may conduct for nolasiban. We will need substantial additional funding to support our operating activities as we advance our product candidate through clinical development, seek regulatory approval and prepare for and invest in future commercialization of this candidate, if approved. Adequate funding may not be available to us on acceptable terms, or at all. We are also exploring various alternatives for the future potential development and commercialization of our product candidate, including through collaborations with third parties.

We have no manufacturing facilities, and all of our product manufacturing is contracted out to third parties. We currently utilize third-party contract research organizations, or CROs, to carry out our clinical development and trials.

COVID-19 and Geopolitical Events Business Update

We have implemented a number of plans and policies designed to address and mitigate the impact of the COVID-19 pandemic on our employees and our business. We continue to closely monitor the ongoing COVID-19 situation and will evolve our plans and policies

as needed going forward. If the COVID-19 pandemic continues to persist for an extended period and begins to impact essential distribution systems, we could experience disruptions to our supply chain and operations, and associated delays in the manufacturing of clinical trial supply.

The full extent to which the COVID-19 pandemic will directly or indirectly impact our business and operations, or the business and operations of our strategic partners, will depend on future developments that are highly uncertain, including the duration and spread of the pandemic, and the actions taken to contain it, such as the impact and effectiveness of any current or future governmental measures implemented in response thereto, or new information that may emerge concerning COVID-19.

In addition, the U.S. government and other nations have imposed significant restrictions on most companies' ability to do business in Russia as a result of the ongoing military conflict between Russia and Ukraine. It is not possible to predict the broader or longer-term consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Such geopolitical instability and uncertainty could have a negative impact on our business, ability to develop our product candidates, our supply chain or our collaborators.

Strategic Licensing Agreements

Linzagolix

Kissei

In November 2015, we entered into the Kissei License Agreement with Kissei. Pursuant to the Kissei License Agreement we received an exclusive license to develop, manufacture and commercialize products containing the compounds which is a specified GnRH antagonist and covered by certain licensed patent rights throughout the world except for specified Asian countries. We arranged to exclusively acquire from Kissei the material necessary to produce linzagolix.

In July 2022, in connection with our plans to initiate a corporate restructuring and refocus our development and commercialization strategy, the Kissei License Agreement was terminated.

Theramex

In February 2022, we entered into the Theramex License Agreement with Theramex for the commercialization and further development of linzagolix across global markets outside of the U.S., Canada and Asia. As a result of termination of the Kissei License Agreement in July 2022, the Theramex License Agreement was automatically assigned to Kissei and we have no further rights or obligations under the agreement.

Ebopiprant

Merck Serono

In June 2015, we entered into the 2015 license agreement with Merck Serono (the "Merck Serono License Agreement"), which we amended in July 2016, pursuant to which we received a worldwide exclusive license to develop, manufacture and commercialize compounds covered by the licensed patent rights, including ebopiprant.

As a result of the IP Acquisition Agreement with XOMA, the Merck Serono License Agreement was automatically assigned to XOMA and we have no further rights or obligations under the agreement.

Organon

In July 2021, we entered into an agreement with Organon (the "Organon License Agreement"), pursuant to which we granted to Organon exclusive rights to develop, use, register, import, export, manufacture, market, promote, distribute, offer for sale and commercialize ebopiprant worldwide. In consideration for entering into the agreement, Organon has agreed to make up to USD 500 million in upfront and milestone payments, including USD 25 million that was paid at signing, up to USD 90 million in development and regulatory milestones and up to USD 385 million in sales-based milestones. In addition, Organon has agreed to pay us tiered double-digit royalties on annual net sales of all products, subject to specified reductions, until, on a country-by-country and product-by-product basis, the latest of (i) the expiration of the last valid claim covering such product in such country, (ii) expiration of

regulatory exclusivity for such product in such country, and (iii) ten years from the first commercial sale of such product in such country.

As a result of the IP Acquisition Agreement with XOMA, the Organon License Agreement was automatically assigned to XOMA. As consideration for the sale of all of our rights to ebopiprant, we received from XOMA an upfront cash payment of USD 15 million upon the closing of the transaction, and we are eligible to receive up to approximately USD 98 million upon the achievement of certain development and regulatory milestones and sales milestones under the Organon License Agreement. We have no further rights or obligations under the agreement.

Nolasiban

Ares Trading

In August 2013, we entered into the 2013 license agreement with Ares Trading S.A., an affiliate of Merck Serono, or Merck Serono, pursuant to which we received a worldwide exclusive license to develop, manufacture and commercialize compounds covered by the licensed patent rights, including nolasiban. In consideration for the license, we issued 914,069 Series A preferred shares to Merck Serono at the time of our Series A financing, which had a fair value of USD 4.9 million based on an exchange rate of USD 1.00 for CHF 0.9244 as of the date of the transaction. With respect to any products we commercialize under the 2013 license agreement, we agreed to pay Merck Serono royalties based on a high-single-digit percentage of annual net sales of each product, subject to specified reductions, until the later of (i) the date that all of the patent rights for that product have expired, as determined on a country-by-country and product-by-product basis, or (ii) ten years from the first commercial sale of such product on a country-by-country and product-by-product basis.

YuYuan

In January 2020, we entered into the YuYuan Sublicense Agreement with YuYuan, pursuant to which we granted to YuYuan an exclusive sublicense under certain of our patents, trademarks and know-how to use, register, import, develop, market, promote, distribute, offer for sale and commercialize nolasiban for use in humans in the People's Republic of China, including Hong Kong and Macau. In consideration for entering into the YuYuan Sublicense Agreement, YuYuan has agreed to make aggregate milestone payments of up to USD 17.0 million upon the achievement of specified development, regulatory and first sales milestones and aggregate milestone payments of up to USD 115.0 million upon the achievement of additional, tiered sales milestones. In addition, YuYuan has agreed to pay tiered royalties on net sales at percentages ranging from high-single digit to low-second digits, subject to specified reductions, until the later of the expiration of the last valid claim covering the product in China and ten years from the first commercial sale of the product in China.

Components of Results of Operations

Operating income other than revenue

To date, we have not generated any revenue from product sales and we do not expect to generate revenue unless and until we successfully complete development and obtain regulatory approval for our product candidate.

Operating income other than revenue consists primarily of gains on disposal of intangible assets and the assignment of contractual obligations.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with our research and development activities and consist mainly of direct research and development costs, which include: costs associated with the use of CROs and consultants hired to assist on our research and development activities; personnel expenses, which include salaries, benefits and share-based compensation expenses for our employees; expenses related to regulatory affairs and intellectual property; manufacturing costs in connection with conducting nonclinical studies and clinical trials; and depreciation expense for assets used in research and development activities. Research and development costs are generally expensed as incurred. However, costs for certain activities, such as manufacturing and nonclinical studies and clinical trials, are generally recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and collaborators.

Our employee, consultant and infrastructure resources are typically utilized across our multiple research and development programs. We track outsourced research and development costs by product candidate or nonclinical program, but we do not allocate personnel costs, other internal costs or external consultant costs to specific product candidates.

At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our product candidate through clinical trials and regulatory submissions. We are also unable to predict

when, if ever, material net cash inflows will commence from sales of our product candidate. This is due to the numerous risks and uncertainties associated with developing such product candidate, including:

- the number of clinical sites included in the trials;
- the length of time required to enroll suitable patients;
- the number of patients that ultimately participate in the trials;
- the number of doses patients receive;
- the duration of patient follow-up;
- the results of our clinical trials; and
- regulatory requirements in support of potential approvals.

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

General and Administrative Expenses

General and administrative expenses consist primarily of personnel expenses, including salaries, benefits and share-based compensation expense, related to executive, finance, accounting, business development, legal and human resource functions. General and administrative expense also includes commercialization readiness costs, facility costs not otherwise included in research and development expenses, legal fees related to corporate matters, fees for accounting and consulting services, and costs of director and officer insurance.

We anticipate that our general and administrative expenses will decrease in the future as a result of our corporate restructuring. We also anticipate that we will continue spending material accounting, audit, legal, regulatory and compliance costs, as well as investor and public relations expenses, associated with operating as a public company.

Finance Expense, Net

Finance expense, net, consists of foreign exchange loss and gain, interest expense associated with our lease liabilities and debt instruments, and the change in estimated cash flows from financial liabilities. We anticipate that our finance expense, net will decrease in the future as the principal balance on the outstanding convertible notes held by JGB has decreased substantially in 2022. See *Liquidity and Capital Resources – Sources of Funds – Securities Purchase Agreement* below for further information on the Securities Purchase Agreement and outstanding convertible notes held by JGB.

Loss on event of default

Loss on event of default represents the charge associated with the certain events of default under the outstanding convertible notes with JGB. See *Liquidity and Capital Resources – Sources of Funds – Securities Purchase Agreement* below for further information on the Securities Purchase Agreement and outstanding convertible notes held by JGB.

Gain on debt extinguishment

Gain on debt extinguishment represents the benefit associated with the early retirement of the outstanding convertible notes under the Securities Purchase Agreement with JGB. See *Liquidity and Capital Resources – Sources of Funds – Securities Purchase Agreement* below for further information on the Securities Purchase Agreement and outstanding convertible notes held by JGB.

Taxation

We are subject to corporate taxation in Switzerland, Ireland, Netherlands and the United States.

In 2015, the Canton of Geneva granted us a ten-year tax holiday for all income and capital taxes on a communal and cantonal level commencing in fiscal year 2013 and valid through to 2022, subject to our Swiss domiciliation and compliance with certain reporting provisions. We remain subject to Swiss federal income tax on our profits after tax but have only incurred net losses since our inception. We are entitled under Swiss laws to carry forward any losses incurred for a period of seven years and can offset such losses

carried forward against future taxes. As of December 31, 2021, we had tax loss carryforwards totaling USD 422.1 million. We do not believe it is probable that we will generate sufficient profits to avail ourselves of these tax loss carryforwards.

Our Swiss, Irish and Dutch subsidiaries had no activity in 2022 or 2021. Our US subsidiary, as a service organization to the group under cost plus arrangement, was the only entity to generate income tax expenses during 2022 and 2021.

Analysis of Results of Operations

Comparison of the three-month periods ended September 30, 2022 and September 30, 2021

Operating income other than revenue

Operating income other than revenue decreased by USD 16.4 million in the three-month period ended September 30, 2022 compared to the three-month period ended September 30, 2021, as USD 3.7 million in assignment income was recognized following the assignment of linzagolix contractual obligations to Kissei in the current period as compared to the net proceeds of USD 20.1 million received from the Organon License Agreement in the prior period.

Operating Expenses

Research and Development Expenses

	Three-month period ended September 30,		Change
	2022	2021	
	(in thousands) (unaudited)		
Directly allocable research and development expenses	\$ (165)	\$ (7,998)	\$ 7,833
Unallocated expenses			
Staff costs	(52)	(2,724)	2,672
Other research and development costs	(475)	(809)	334
Total research and development expenses	<u>\$ (692)</u>	<u>\$ (11,531)</u>	<u>\$ 10,839</u>

Research and development expenses decreased by USD 10.8 million in the three-month period ended September 30, 2022 compared to the three-month period ended September 30, 2021, primarily due to the transfer of contractual obligations on the linzagolix program following the termination of the Kissei License Agreement in July 2022 and related vendor contracts, as well as lower salaries, bonus estimates, and share based compensation expense resulting from our termination of approximately 70% of our employees as announced in September 2022 and other actions related to our corporate restructuring.

General and Administrative Expenses

	Three-month period ended September 30,		Change
	2022	2021	
	(in thousands) (unaudited)		
Staff costs	\$ (1,442)	\$ (2,345)	\$ 903
Professional fees	(1,259)	(3,810)	2,551
Other general and administrative costs	(948)	(880)	(68)
Total general and administrative expenses	<u>\$ (3,649)</u>	<u>\$ (7,035)</u>	<u>\$ 3,386</u>

General and administrative expenses in the three-month period ended September 30, 2022 decreased by USD 3.4 million compared to the three-month period ended September 30, 2021, primarily due to decreased professional fees resulting from the reduction of consulting services following the termination of the Kissei License Agreement, as well as decreased salary and share based compensation expenses resulting from our termination of approximately 70% of our employees as announced in September 2022 and other actions related to our corporate restructuring.

Finance Expense, Net

	Three-month period ended September 30,		Change
	2022	2021 (in thousands) (unaudited)	
Loss on event of default	\$ (17,586)	\$ —	\$ (17,586)
Gain on debt extinguishment	5,713	—	5,713
Interest expense	(631)	(703)	72
Foreign exchange gain / (loss)	52	10	42
Other finance income	970	—	970
Finance expense, net	<u>\$ (11,482)</u>	<u>\$ (693)</u>	<u>\$ (10,789)</u>

Finance expense, net in the three-month period ended September 30, 2022 increased by USD 10.8 million compared to the three-month period ended September 30, 2021, primarily due to a loss on the Event of Default under the Outstanding Notes, partially offset by a gain recognized on the extinguishment of debt resulting from our JGB Amendment and Forbearance Agreement with JGB entered into in July 2022 (the "Amendment and Forbearance Agreement") related to the Securities Purchase Agreement and the Outstanding Notes, and other finance income recognized upon the release of a portion of the prepayment penalty upon conversion of a portion of the outstanding principal balance under the Outstanding Notes during the three months ended September 30, 2022.

Comparison of the nine-month periods ended September 30, 2022 and September 30, 2021

Operating income other than revenue

Operating income other than revenue decreased in the nine-month period ended September 30, 2022 by USD 11.5 million as compared to the nine-month period ended September 30, 2021 due to the difference in the assignment income recognized during the nine months ended September 30, 2022 following the termination of the Kissei License Agreement and assignment of linzagolix contractual obligations related to the linzagolix program to Kissei, compared to the aggregate upfront proceeds of USD 20.1 million received pursuant to the Theramex License Agreement and the Organon License Agreement, net of the derecognition of the related intangible assets, during the nine-month period ended September 30, 2021.

Operating Expenses

Research and Development Expenses

	Nine months period ended September 30,		Change
	2022	2021 (in thousands) (unaudited)	
Directly allocable research and development expenses	\$ (5,909)	\$ (30,610)	\$ 24,701
Unallocated expenses			
Staff costs	(5,192)	(8,762)	3,570
Other research and development costs	(2,310)	(2,160)	(150)
Total research and development expenses	<u>\$ (13,411)</u>	<u>\$ (41,532)</u>	<u>\$ 28,121</u>

Research and development expenses decreased by USD 28.1 million in the nine-month period ended September 30, 2022 compared to the nine-month period ended September 30, 2021, primarily due lower expenditures in our linzagolix program resulting from the termination of the Kissei License Agreement and assignment of linzagolix contractual obligations related to the linzagolix program to Kissei, and lower salary, bonus, and share based compensation expenses as a result of our termination of approximately 70% of our employees as announced in September 2022 and other actions related to our corporate restructuring.

General and Administrative Expenses

	Nine months period ended September 30,		Change
	2022	2021	
	(in thousands) (unaudited)		
Staff costs	\$ (6,443)	\$ (6,140)	\$ (303)
Professional fees	(8,773)	(6,317)	(2,456)
Other general and administrative costs	(3,177)	(2,657)	(520)
Total general and administrative expenses	<u>\$ (18,393)</u>	<u>\$ (15,114)</u>	<u>\$ (3,279)</u>

General and administrative expenses in the nine-month period ended September 30, 2022 increased by USD 3.3 million compared to the nine-month period ended September 30, 2021, primarily due to increased professional fees resulting from legal fees incurred for our restructuring, licensing, and debt transactions entered into during the nine months ended September 30, 2022.

Impairment expense

	Nine months period ended September 30,		Change
	2022	2021	
	(in thousands) (unaudited)		
Impairment of intangible asset	\$ (19,400)	—	\$ (19,400)

Impairment expense in the nine-month period ended September 30, 2022 increased by USD 19.4 million compared to the nine-month period ended September 30, 2021, due to the review issues communicated by the FDA regarding deficiencies in the NDA for linzagolix for uterine fibroids in June 2022. We concluded that the full remaining net book value of the asset was impaired as of June 30, 2022 and recorded a charge of USD 19.4 million.

Finance Expense, Net

	Nine months period ended September 30,		Change
	2022	2021	
	(in thousands) (unaudited)		
Loss on event of default	\$ (17,586)	\$ —	\$ (17,586)
Gain on debt extinguishment	5,713	—	5,713
Interest expense	(3,571)	(2,049)	(1,522)
Foreign exchange gain / (loss)	514	329	185
Other finance income	970	—	970
Finance expense, net	<u>\$ (13,960)</u>	<u>\$ (1,720)</u>	<u>\$ (12,240)</u>

Finance expense, net in the nine-month period ended September 30, 2022 increased by USD 12.2 million compared to the nine-month period ended September 30, 2021, primarily due to the loss on the Event of Default under the outstanding convertible notes held by JGB, partially offset by the gain recognized on the extinguishment of debt resulting from the Amendment and Forbearance Agreement and other finance income recognized upon the release of a portion of the prepayment penalty upon conversion of a portion of the outstanding principal balance under the Outstanding Notes during the nine months ended September 30, 2022, as well as incremental interest expense associated with our Outstanding Notes and our lease liabilities.

Liquidity and Capital Resources

Sources of Funds

As of September 30, 2022, we had USD 9.7 million in cash and cash equivalents.

Since our inception, we have not generated any revenue and have incurred net losses and negative cash flows from our operations. We have funded our operations primarily through the sale of equity, debt financing and license of our product candidates. From inception through September 30, 2022, we raised an aggregate of USD 447.7 million of net proceeds from the sale of equity securities, through public and private offerings and our at-the-market programs. As of September 30, 2022, we have net borrowings of USD 8.9 million under our Securities Purchase Agreement with JGB, a portion of which was used to fully retire our prior credit facility, or the Oxford Credit Facility, with Oxford Finance LLC in October 2021. In July 2021, we received USD 25.0 million from Organon in connection

with the licensing agreement for ebopiprant. In February 2022, we received EUR 5.0 million from Theramex in connection with the Theramax License Agreement. As of September 30, 2022, we recognized USD 3.7 million through the assignment of contractual obligations related to our linzagolix program to Kissei, following the termination of the Kissei License Agreement in July 2022.

Securities Purchase Agreement

On October 12, 2021, we entered into the Securities Purchase Agreement with JGB, which is structured to provide up to USD 135 million in borrowing capacity, available in nine tranches. We received gross proceeds of USD 30 million at closing and used the proceeds to repay all amounts outstanding under the Oxford Credit Facility. On January 28, 2022, we entered into an amendment agreement and an amended and restated securities purchase agreement (the “Amendment Agreements”), with JGB regarding the second tranche under the Securities Purchase Agreement. In connection with the Amendment Agreements, we received proceeds of USD 10.5 million (USD 975 thousand of original issue discount) in the second tranche, funded on January 28, 2022, and the conversion price for the note issued in the second tranche was adjusted to a price of USD 1.66 per common share. In addition, as adjusted pursuant to the Amendment Agreements, we issued a warrant to purchase 1,018,716 of our common shares at an exercise price of USD 1.87 per share.

On July 27, 2022, our announced application to the courts of competent jurisdiction of the Swiss canton of Geneva for a preliminary moratorium resulted in the Events of Default under the Outstanding Notes (the “Events of Default”).

On July 31, 2022, we entered into the Amendment and Forbearance Agreement with JGB, pursuant to which we and JGB agreed to apply USD 31.0 million (the “Account Balances”) previously held in a control account in accordance with the Transaction Agreements against the Outstanding Notes on a pro rata basis, and JGB waived any application of the 25% prepayment premium permitted under the Outstanding Notes with respect to the Account Balances through the forbearance period. In addition, JGB agreed to refrain and forebear from exercising or pursuing any rights or remedies under the Transaction Agreements with respect to the Events of Default until the earlier to occur of (i) October 29, 2022, (ii) the occurrence of any event of default under the Transaction Agreements (other than the Events of Default), and (iii) the date upon which a preliminary moratorium has been granted by the courts of competent jurisdiction of the Swiss canton of Geneva. In exchange for the waiver of the prepayment penalty and forbearance on exercising such rights and remedies, USD 1.5 million was added to the outstanding principal balance under the Outstanding Notes, resulting in an aggregate outstanding balance of approximately USD 11.0 million under the Outstanding Notes, the conversion price of the Outstanding Notes was adjusted to a conversion price of USD 0.26 per share (subject to adjustment as provided in the Outstanding Notes) and our right to mandatory conversion of any convertible notes issued pursuant to the Securities Purchase Agreement, including the Outstanding Notes, was terminated. In addition, JGB is no longer obligated to fund any future mandatory or optional tranche closing under the Securities Purchase Agreement.

Following the execution of the amendment, JGB converted USD 3.8 million of the outstanding principal balance and USD 0.4 million of accrued and unpaid interest under the Outstanding Notes into 16,346,135 common shares.

On October 26, 2022, we entered into the Extension Amendment with JGB, pursuant to which JGB agreed to refrain and forebear from exercising or pursuing any rights or remedies under the Transaction Agreements with respect to the Events of Default until the earlier to occur of (i) December 1, 2022, (ii) the occurrence of any event of default under the Transaction Agreements (other than the Events of Default), and (iii) the date upon which a preliminary moratorium has been granted by the courts of competent jurisdiction of the Swiss canton of Geneva. In exchange for the forbearance on exercising such rights and remedies, (i) the conversion price for USD 2,000,000 of outstanding principal amount of the Outstanding Notes was adjusted to a conversion price of USD 0.19 per share (subject to adjustment as provided in the Outstanding Notes), and (ii) an aggregate of USD 500,000 of outstanding principal amount (such amount a part of the USD 2,000,000 principal amount with a conversion price of USD 0.19 per share) and all accrued and unpaid interest on the Outstanding Notes through and including October 31, 2022, was exchanged for 2,631,579 common shares, representing a conversion price of USD 0.19 per share.

On November 21, 2022, we and JGB entered into the “Consent, whereby JGB consented to our transaction with XOMA, and we agreed to maintain restricted cash equal to the total amount of outstanding principal and accrued interest of USD 6.8 million under the Outstanding Notes, subject to reduction upon conversion or payoff of the notes and agreed to amend the maturity date for each Outstanding Note to December 31, 2023.

ATM Program

During the nine-months period ended September 30, 2022, we sold a total of 6,821,086 treasury shares at an average price of USD 1.39 per share, as part of our ATM program with SVB Leerink LLC. These multiple daily transactions generated total gross proceeds of USD 6.6 million. Directly related share issuance costs of USD 0.2 million were recorded as a deduction in equity. During the three months ended September 30, 2022, our ATM program expired.

Material Cash Requirements

Our primary uses of cash are to fund research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses. As of September 30, 2022, other than our Securities Purchase Agreement with JGB, we have no other ongoing material financing commitments, such as lines of credits or guarantees.

We expect to continue to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we may be unable to continue operations or we could be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

We have incurred recurring losses since inception, including net losses of USD 56.7 million for the nine-month period ended September 30, 2022. As of September 30, 2022, we had accumulated losses of USD 518.7 million, out of which USD 30.6 million were offset with share premium. We expect to continue to generate operating losses for the foreseeable future. As of September 30, 2022, we had cash and cash equivalents of USD 9.7 million. We have prepared our unaudited condensed consolidated financial statements assuming that we will continue as a going concern which contemplates the continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. To date, we have funded our operations through equity and debt offerings and through payments from licensors. We believe that our current cash and cash equivalents, after taking into account the upfront payment of USD 15 million from the IP Acquisition Agreement with XOMA and our corporate restructuring actions, including a mass dismissal process pursuant to Swiss law, are only sufficient to fund our operating expenses through the fourth quarter of 2023 and this raises substantial doubt about our ability to continue as a going concern. These factors individually and collectively indicate that a material uncertainty exists that may cast significant doubt about our ability to continue as a going concern within one year from the date of the issuance of the consolidated financial statements. Our future viability is dependent on our ability to raise additional capital to finance our future operations and implement a successful corporate reorganization. We may raise funds through equity or debt offerings. The sale of additional equity may dilute existing shareholders and newly issued shares may contain senior rights and preferences compared to currently outstanding common shares. Issued debt securities may contain covenants and limit our ability to pay dividends or make other distributions to shareholders. We may receive future milestone payments from licensors or pursuant to the IP Acquisition Agreement, but that is dependent on achieving certain regulatory or commercial milestones that may never happen. We may seek additional funding through public or private financings, debt financing or collaboration agreements. We may also be subject to certain restrictions and limitations on raising funds if we are unable to withdraw our pending moratorium proceedings and the court-sanctioned moratorium is granted by the competent court in Geneva, Switzerland or if do not regain compliance with the continued listing standards of Nasdaq. inability to obtain funding, as and when needed, would have a negative impact on our operations, financial condition and ability to pursue our business strategies. If we are unable to obtain the required funding to run our operations and to develop and commercialize our product candidates, we could be forced to delay, reduce or eliminate some or all of our research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect our business prospects, or we may be unable to continue operations. Management continues to explore all potential options to obtain additional funding. However, there is no assurance that we will be successful in raising funds, or obtain sufficient funding on terms acceptable to us, or if at all, which could have a material adverse effect on our business, results of operations and financial conditions. We have based these estimates on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect.

Our future material cash requirements will depend on many factors, including:

- actions taken in connection with or as a result of our corporate restructuring to resize the Company and be able to meet other license obligations and assess strategic options with respect to pipeline development;
- our ability to withdraw our pending moratorium proceedings and the court-sanctioned moratorium is granted by the competent court in Geneva, Switzerland;
- our ability to regain compliance with the continued listing standards of Nasdaq;
- the scope, progress, results and costs of nonclinical studies and clinical trials for our product candidate nolasiban;
- the cost and timing of ongoing and planned manufacturing activities including active pharmaceutical ingredient and drug product pharmaceutical development and clinical trial supplies production for nolasiban;
- the timing and amount of milestone and royalty payments we are required to make under our license agreements;
- the extent to which we in-license or acquire other product candidates and technologies;
- the number and development requirements of other product candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our product candidate;

- the costs and timing of future commercialization activities, including drug manufacturing, marketing, sales and distribution, for our product candidate for which we receive marketing approval;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- our ability to establish strategic collaborations; and
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims.

Identifying potential product candidates and conducting nonclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, product candidates, if approved, may not achieve commercial success. Our revenue, if any, will be derived from royalties and milestone payments. We may be unable to derive revenue from sales of products, on a timely basis or at all.

Until such time that we can generate substantial product revenue, if ever, we may finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, shareholder ownership interest may be diluted, and the terms of any additional securities may include liquidation or other preferences that adversely affect the rights of shareholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through additional collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or to grant licenses on terms that may not be favorable to us.

We may be subject to certain restrictions and limitations on raising funds if we are unable to withdraw our pending moratorium proceedings and the court-sanctioned moratorium is granted by the competent court in Geneva, Switzerland or if we do not regain compliance with the continued listing standards of Nasdaq. If we are unable to raise additional funds through equity or debt financings when needed, we may be unable to continue operations or may be required to delay, limit, reduce or terminate our product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

The following table shows a summary of our cash flows for the nine-month periods ended September 30, 2022 and September 30, 2021:

	Nine months period ended September 30,	
	2022	2021
	(in thousands) (unaudited)	
Cash and cash equivalents at beginning of period	\$ 54,734	\$ 31,183
Net cash used in operating activities	(31,067)	(57,547)
Net cash from investing activities	5,676	22,186
Net cash (used in) from financing activities	(19,317)	67,250
Effect of exchange rates	(342)	(188)
Cash and cash equivalents at end of period	<u>\$ 9,684</u>	<u>\$ 62,884</u>

Operating Activities

Net cash used in operating activities was USD 31.1 million for the nine-month period ended September 30, 2022 compared to USD 57.5 million for the nine-month period ended September 30, 2021. The decrease in our cash used in operating activities of USD 26.5 million is due to an increase in net loss before taxes of USD 18.5 million, offset by changes in net working capital of USD 4.2 million and a decrease in non-cash items of USD 40.8 million.

Investing Activities

Net cash from investing activities was USD 5.7 million for the nine-month period ended September 30, 2022, compared to net cash from investing activities of USD 22.2 million for the nine-month period ended September 30, 2021. The decrease in net cash from investing activities of USD 16.5 million is due primarily to the difference in a gain on debt extinguishment recognized during the nine-

month period ended September 30, 2022 compared to the aggregate upfront proceeds received during the nine-month period ended September 30, 2021 from the Theramex License Agreement and Organon License Agreement, net of the derecognition of the related intangible assets.

Financing Activities

Net cash used in financing activities was USD 19.3 million for the nine-month period ended September 30, 2022 compared to net cash provided by financing activities of USD 67.3 million for the nine-month period ended September 30, 2021. The decrease in net cash from financing activities of USD 84.0 million is primarily due to the USD 31.0 million prepayment of convertible debt, a decrease in proceeds from the issuance of shares of USD 42.5 million from our expired ATM programs (USD 6.6 million in proceeds received in the nine-month period ending September 30, 2022 compared to the USD 49.0 million in proceeds received in the nine-month period ending September 30, 2021) and a decrease in the proceeds from the exercise of warrants of USD 22.1 million, offset by USD 8.6 million in proceeds from the issuance of convertible debt under the Securities Purchase Agreement with JGB.

Main Contractual Obligations and Commitments

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

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated interim financial statements, which we have prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

As described below, the accounting policies used in the preparation and presentation of these unaudited condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2021, which should be read in conjunction with the unaudited condensed consolidated financial statements and management's discussion and analysis as they provide an update of previously reported information.

The preparation of our unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates.

Recent Accounting Pronouncements

The adoption of International Financial Reporting Standards (IFRS) as issued by the IASB and interpretations issued by the IFRS interpretations committee that are effective for the first time for the financial year beginning on or after January 1, 2022 had no material impact on our financial position.

JOBS Act Exemption

In April 2012, the U.S. Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the U.S. Securities Act of 1933, as amended for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

As an emerging growth company, subject to certain conditions, we are relying on certain of exemptions under the JOBS Act, including without limitation, (1) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (2) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering in January 2017, (b) in which we have total annual gross revenues of at least USD 1.235 billion or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission (SEC), which means the market value of our common shares that is held by non-affiliates exceeds USD 700 million as of the prior

June 30, and (2) the date on which we have issued more than USD 1.0 billion in non-convertible debt during the prior three-year period. We will be an “emerging growth company” until December 31, 2022.

U.S. Domestic Filer Status

We are currently a foreign private issuer and therefore, are not required to comply with all of the periodic disclosure and current reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) applicable to U.S. domestic issuers. In order to maintain our current status as a foreign private issuer, either (1) a majority of our common shares must be either directly or indirectly owned of record by non-residents of the United States or (2)(a) a majority of our executive officers or directors may not be United States citizens or residents, (b) more than 50% of our assets cannot be located in the United States and (c) our business must be administered principally outside the United States. While we currently qualify as a foreign private issuer, the determination of foreign private issuer status is made annually as of the end of the most recently completed second fiscal quarter. As of June 30, 2022, the last business day of our second fiscal quarter, more than 50% of our securities were held by U.S. residents and more than 50% of our board and executive team were residents of the United States. Therefore, we have determined that we will lose this status beginning in 2023, and will be required to comply with Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers, including the filing of financial statements in accordance with United States Generally Accepted Accounting Principles.

Cautionary Statement Regarding Forward-Looking Statements

Forward-looking statements appear in a number of places in this discussion and analysis and include, but are not limited to, statements regarding our intent, belief or current expectations. Many of the forward-looking statements contained in this discussion and analysis can be identified by the use of forward-looking words such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “ongoing”, “objective”, “plan”, “potential”, “predict”, “should”, “will” and “would”, or the negative of these and similar expressions. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled “Item 3.D—Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2021, or the Annual Report, filed with the U.S. Securities and Exchange Commission, or the SEC, on March 10, 2022, and the Risk Factors disclosed in our Report on Form 6-K filed with the SEC on May 17, 2022 and August 17, 2022, and our Report on Form 6-K filed with the SEC on December 1, 2022, to which this Exhibit is attached, and other filings we make with the SEC. These risks and uncertainties include factors relating to:

- the outcome and potential impact of our filing to the competent court in Geneva, Switzerland for a court-sanctioned moratorium, including with respect to our agreements with third parties, including the Securities Purchase Agreement with JGB, of our mass dismissal process, and in our ability to successfully restructure our operations and refocus our development and commercialization strategy;
- the success, cost, timing and potential indications of our product candidates’ development activities and clinical trials, including ongoing and future trials of nolasiban;
- our or our partners’ ability to obtain and maintain regulatory approval of our product candidate in any of the indications for which we or our partners plan to develop them, and any related restrictions, limitations or warnings in the label of an approved product;
- our ability to continue as a going concern and to obtain funding for our operations, and the terms on which we are able to raise that additional capital;
- the ability of our common shares to continue being listed on the Nasdaq Global Select Market based on compliance;
- our plans to research, develop and commercialize our product candidates;
- the timing of our regulatory filings for our product candidates;
- the clinical utility of our product candidates;
- the size and growth potential of the markets for our product candidates;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates and our ability to operate our business without infringing on the intellectual property rights of others;

- the timing and amount of milestone and royalty payments we are required to make or that we may receive under our license agreements;
- our ability to attract and retain qualified employees and key personnel;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- the activities of our competitors and the success of competing therapies that are or become available;
- our plans to in-license or acquire additional product candidates;
- our ability to support our operations as a public company upon losing emerging growth company status and becoming a domestic filer effective as of January 1, 2023;
- our estimates regarding future revenue, expenses and needs for additional financing;
- our ability to build our commercialization organization;
- the duration, severity and impact on our operations and clinical trials of the COVID-19 pandemic or other geopolitical events;
- regulatory developments in the United States and foreign countries; and
- other risks and uncertainties, including those listed in the Annual Report, titled “Item 3.D—Risk Factors”.

Forward-looking statements speak only as of the date they are made. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events, except as required by law.

CEO Office Contact:

Shauna Dillon

Shauna.dillon@obseva.ch

+41 22 552 1550

www.obseva.com